SUSTAINABILITY
a collective responsibility

2013-2015

USER GUIDE

TO THE BALFOUR BEATTY SUSTAINABILITY ROADMAP

ENVIRONMENTAL LIMITS

HEALTHY COMMUNITIES

PROFITABLE MARKETS

Balfour Beatty

TABLE OF CONTENTS

Section	Roadmap areas	Focus areas	Roadmap objectives		Page
1	**PROFITABLE MARKETS**	GROWING MARKETS	1.1	Influencing the market	10
			1.2	Working in markets where sustainability is a driver of growth	14
			1.3	Marketing and PR	16
		CLIENT ENGAGEMENT	1.4	Working for the sustainability opinion leaders	18
			1.5	Influencing clients	20
			1.6	Assessing risks and opportunities	24
			1.7	Meeting their goals	26
		EFFICIENT DELIVERY	1.8	Delivering better value	28
			1.9	A consistent approach to the market	30
			1.10	Governance	32
2	**HEALTHY COMMUNITIES**	OUR PEOPLE	2.1	Owning the sustainability agenda	36
			2.2	Keeping people safe	40
			2.3	Promoting healthier lifestyles	44
			2.4	Valuing diversity	46
			2.5	Developing the skills and creativity of our people	50
			2.6	Attract and retain great people	54
			2.7	Increase employee satisfaction and engagement	58
		SUPPLY CHAIN	2.8	Supply chain engagement	60
			2.9	Creating an equitable market	64
		COMMUNITIES WE SERVE	2.10	Behaving responsibly	66
			2.11	Employing locally and investing in skills	70
			2.12	Engaging with communities	72
3	**ENVIRONMENTAL LIMITS**	CLIMATE CHANGE	3.1	Reducing scope 1 and 2 greenhouse gas emissions	76
			3.2	Identifying and reducing scope 3 greenhouse gas emissions	80
		WASTE	3.3	Reducing waste	84
			3.4	Minimising waste over the life cycle of assets	88
			3.5	Minimising waste by using recycled materials	92
		WATER	3.6	Reducing direct water use	94
			3.7	Reducing indirect water use	96
		MATERIALS	3.8	Managing the materials life cycle	100
			3.9	Sourcing responsibly	104
		ECOLOGY	3.10	Respect the natural environment by protecting and enhancing ecological resources	108

THE PURPOSE

This User Guide has been developed to help operating businesses generate their individual action plans for sustainability and measure their performance.

The User Guide should be read in conjunction with the Roadmap that provides an introduction and overview to Balfour Beatty's sustainability strategy.

This User Guide is not a technical 'how to' document. It is a companion to the Roadmap designed to help operating businesses interpret the Roadmap objectives, strategies and associated performance indicators (PIs) whilst leaving each business freedom to adopt its own approach for implementing the 2020 Vision.

The PIs are numeric measures introduced by Group for the operating businesses to track progress against the 'strategies'. The latter lay out how the individual Roadmap Objectives will be met.

HOW TO USE THIS GUIDE

We recognise that this User Guide is the first step to achieving our 2015 targets and there will be future iterations. It is intended to be a living document to share knowledge and best practice as we improve processes and standards over time. We appreciate any feedback you can provide as you become more familiar with putting its principles into practice. In the first instance such feedback should be provided to the Group Sustainability Manager (see page 7 for contact details).

TABLE 1: VERSION HISTORY

Version	Authors	Amendments	Date
1	Bekir Andrews	Original	17/9/12

ROADMAP OBJECTIVES

Sections 1-3 of this User Guide are aligned to the numbering and sections of the Roadmap for ease of reference:

The User Guide provides a commentary to each objective under the following headings:

- Definitions
- Calculation Methodology and Evidence Requirements
- Good practice

DEFINITIONS

The definitions clarify key terms used in the strategies and PIs of the Roadmap Objectives to avoid any ambiguity.

Where an operating business is unable to apply a PI, a similar PI that captures the essence of the appropriate strategy must be applied by agreement with Balfour Beatty Group Sustainability team, as the uncontrolled use of an alternative PI may impact on our ability to qualify for international indices such as the Carbon Disclosure Project, Dow Jones Sustainability Index or Business in the Community Corporate Responsibility Index.

CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

This section outlines the calculations and evidence requirements that we recommend the operating businesses follow to maintain consistency with other operating businesses and retain an audit trail to demonstrate to any auditor how the numbers are arrived at. Operating businesses will be assessed against these achievement criteria. It is therefore essential that each business sets up systems early on to collate the relevant evidence.

We expect that evidence is retained for every element of the Roadmap and that there is a clear audit trail which links source evidence to the reported data, explaining any assumptions, calculations, estimations etc. Where possible, we recommend the data to be held centrally to make audits easier.

Where calculations are required, e.g. for determining percentages, please record both the calculations themselves and the source of information so auditors can trace the numbers from source to reported data. For annual calculations please use the Enablon reporting timeframes and calculate the data at least once a year.

Operating businesses certified to ISO 14001 may want to use procedures or process flow diagrams to ensure that there is clear documentation of the processes followed. This not only helps build resilience in the systems but also allows the auditors to see easily how the calculations are performed.

In some cases, when collating the data a sampling approach may be warranted. However, it should be used as a last resort. When preparing the evidence you need to bear in mind that the auditors will have to use a sampling methodology that will use a different sample. If the auditors come up with a different result that is statistically significant you are likely to fail. You therefore need to be confident that your sample is robustly constructed using appropriate statistical sampling with adequate coverage across the strata of different classes.

We suggest that operating companies set up electronic folders with evidence in the form of soft copies for each of the Roadmap Objectives.

Where the User Guide makes reference to percentages, we expect the exact percentage value to be met. For instance, on the requirement for using 100% certified timber we would expect all timber to meet this requirement. A 98% compliance rate would not meet our expectation as the risk of using illegal timber would still remain.

GOOD PRACTICE

This section provides guidance on the typical actions one would need to take in order to achieve the 2015 minimum expectations. However, the good practice is not mandatory and an operating business may choose other methodologies as an alternative route to achieve the same outcome.

NOMENCLATURE (CATEGORISATION)

Each Roadmap PI is identified by a three digit reference:

1) The focus area

2) The Roadmap objective

3) The PI(s)

For example the second PI for 'Influencing clients' is 1.5.2:

- 1. Focus area 'Profitable markets'
- 1.5 Roadmap objective 'Influencing clients'
- 1.5.2 'Percentage of clients that would place Balfour Beatty in the top three sustainable businesses in their market sector'

ENABLON SUBMISSIONS

Enablon will allow the use of different metrics to be used in some circumstances e.g. $ versus £. It is programmed to use conversion factors and can for instance calculate tonnes of CO_2 emissions from kWh electricity data for different countries. Most of the PIs will be entered onto Enablon using an online template. Each operating business has its own unique log-in details.

AUDITS & ASSURANCE

As part of the ongoing Balfour Beatty Group audit programme, operating businesses will be audited annually, externally or internally by another operating business or group, against their progress against the 2020 Vision. We will also need to carry out additional third party assurance visits as part of the assurance programme for the annual report. However these might not involve all operating businesses.

Operating businesses will only be assessed on PIs and not the wider strategies.

APPLICATION IN JVS AND CONCESSIONS

The Vision and Roadmap, together with this User Guide, will apply to those Joint Ventures and Concessions where Balfour Beatty has control, i.e. where we have a controlling interest at Board level and/or a 50% stake or above in the business. In JVs where Balfour Beatty does not have control and no sustainability objectives exist, we should endeavour to apply appropriate elements of the Roadmap. As a minimum, such JVs must carry out an annual assessment against the Roadmap.

EXCEPTIONS

Where an operating business has been set up to deliver purely back office functions at an internal cost and is not client facing, the external elements of the Roadmap do not normally apply. In such cases, the operating business would not be expected to deliver Roadmap Objectives 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.9, 3.4, 3.7, 3.10 which are focused on delivering solutions primarily for clients. However, we do believe that operating businesses that deliver back office functions have a responsibility to help the external-facing businesses achieve their Roadmap targets. At all times all operating businesses should consider the spirit of the Roadmap in determining which of the PIs are applicable to the business.

OPERATING BUSINESSES AND DIVISIONS

Where several business streams have been grouped into one entity such as CSUK, Balfour Beatty Communities and Parsons Brinckerhoff, we will expect each business stream to meet the Roadmap targets individually and for any division (e.g. CSUK) to be audited externally. The division would have to be responsible for ensuring that its business streams were progressing against the Roadmap and would in this case form the overall operating business.

ACQUISITIONS

We appreciate that implementing the Roadmap in newly acquired businesses will be challenging – particularly for smaller companies. In recognition of this, each newly acquired business is required to have developed an implementation plan within its first year in the Group. We require all newly acquired businesses to achieve the minimum expectation within a further three years of acquisition.

BASELINES, TARGETS AND REPORTING

As Peter Drucker first observed, "what gets measured gets managed." Measurement is an essential precursor to performance improvement. A number of areas require operating businesses to measure and track key aspects of their performance on a monthly or quarterly basis. This information is for use within the operating business and not for reporting monthly or quarterly to Group. Annual reporting of PIs to Group for the Sustainability Report will continue through the Enablon system.

A number of improvement targets are outlined under Environmental Limits. Depending on the Roadmap Objective, baseline years of 2013 or 2010 have been specified here which should be used for operating businesses in establishing their targets.

However, we recognise that some operating businesses already have robust baselines in place for some components of their environmental performance and in these cases an earlier baseline year can be used. We strongly advise operating businesses to use one set of baseline figures for each metric. Operating businesses will already have systems in place to measure some of the PIs identified in the User Guide.

Where 2010 baselines do not exist, or where there are gaps in the data, operating businesses should use the next available baseline year (e.g. 2011) and document this.

All baselines are for calendar years and link to the Enablon reporting year i.e. 1 January to 31 December.

The time period over which performance metrics should be compared is also on a calendar year basis, e.g. the minimum expectation for December 2015 is that six articles are published promoting Balfour Beatty's sustainability offering. We would therefore expect the six articles to only cover the last 12 months, i.e. the whole of 2015.

Where percentages are involved, the figures will be based on the most recent data at the time of the audit. For instance, the 2015 expectation for December 2015 is that 20% of senior leadership positions are held by women. The auditor would review the percentage of senior leadership positions held by women at the time of the audit and not over previous months.

Most targets are normalised against sales revenue (e.g. tonnes of CO_2 or m^3 of water per £m sales) to cater for growth in the business.

Roadmap Objectives for 2012, 2015 and future dates are only closed off once they have been completed. Where operating businesses are unable to complete an objective for reasons outside of their control, they must notify BB Group. Where an operating business states that the Roadmap is complete we expect that all Roadmap expectations have been met.

BOUNDARIES

Unless explicitly stated, such as in scope 3 emissions or indirect water use, operating businesses should only report on metrics that they have financial control over. This means we capture data from operations that we are able to direct financially i.e. where we have the power to make investment decisions regarding the operations of our assets. For instance, we would not expect an operating business to report on the energy consumption of the housing it maintains for residents unless it pays for the utilities, in which case it would be worthwhile investing in measures to improve energy efficiency.

In the case of buildings, where we are a tenant and pay for our utilities as part of a service charge, such as for waste or water, we do not expect operating businesses to capture consumption data. In many of these cases, the consumption data would be influenced by the consumption patterns of other tenants and the landlord. Table 2 illustrates the reportable scopes for Balfour Beatty under different circumstances in the case of energy. For leased and rented properties the same principles apply whether or not they are single-let or multiple-let buildings. They key difference is that some supplies such as the central heating plant are likely to be paid for by the landlord.

TABLE 2: REPORTABLE SCOPE

Building type	Billing	Reportable Scope for Balfour Beatty
Owned by Balfour Beatty	Balfour Beatty is billed	1 & 2
Leased/Rented	Landlord is billed (Balfour Beatty pays a service charge)	3
Leased/Rented	Landlord is billed but submeters consumption (for which Balfour Beatty is charged)	1 & 2
Leased/Rented	Balfour Beatty is billed	1 & 2

Whenever we purchase energy directly from an energy supplier this becomes a scope 1 or 2 emission. In the case of submetering, the landlord effectively becomes the energy supplier.

If for example we were a tenant in a multi-let building which had a central boiler plant which operated on gas and submetered electricity supply, the gas supply would be reportable under our scope 3 emissions and the electricity supply would be reportable under our scope 2 emissions.

For the gas supply, a further calculation would be needed to apportion the amount of gas used by Balfour Beatty and the number of other tenants. For instance, if in the above scenario the property was a four storey building of which we occupied two floors, we would apportion half of the gas consumption to our operations under scope 3 (see Section 3.2).

DEFINITION OF 'PROJECTS'

'Projects' are defined by the number of contracts. For instance if an operating business was employed to maintain 10 buildings as part of a facilities management contract for one client, this would count as one project. Similarly, if a rail business was installing a catenary system as part of a contract upgrade to a railway line and then won a contract for an extension on a neighbouring line, this would be classed as a separate project to the original catenary system.

FREQUENTLY ASKED QUESTIONS

We will post answers to frequently asked questions on the knowledge sharing and collaboration portal.

POINT OF CONTACT

For specific queries, please contact the Group Sustainability Manager:

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1. PROFITABLE MARKETS

OUR APPROACH TO SUSTAINABILITY IS ALIGNED WITH OUR STRATEGY OF BUSINESS GROWTH. AS WE FOCUS ON GROWING MARKETS IN THE LOW CARBON ECONOMY, WE CONTINUE TO WORK WITH OUR EXISTING CUSTOMER BASE TO HELP THEM ACHIEVE THEIR SUSTAINABILITY GOALS. CLOSE COLLABORATION WITH OUR SUPPLY CHAIN AND THE CREATION OF UNIQUE INDUSTRY PARTNERSHIPS IS HELPING US TO INFLUENCE THE MARKET TO ACHIEVE MORE SUSTAINABLE OUTCOMES.

1. PROFITABLE MARKETS

GROWING OUR MARKETS

HELPING TO CREATE MARKETS FOR SUSTAINABILITY PRODUCTS AND SERVICES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.1 INFLUENCING THE MARKET	Authorities and regulators consult Balfour Beatty ahead of other organisations in respect of significant policy decisions on infrastructure development	Active representation on industry leading and technical bodies	Number of industry leading or technical bodies on which Balfour Beatty is represented by members of the operating business	1 per operating business	2 per operating business
	Balfour Beatty collaborates with research institutions and other organisations to bring more sustainable solutions to market	Collaborate with leading research institutions and industrial partners	Number of formal alliances that exist for the purpose of bringing more sustainable solutions to market	1 per operating business	3 per operating business

1.1 INFLUENCING THE MARKET

DEFINITIONS

'Industry leading or technical bodies' are defined as academic or membership organisations that further our collective knowledge of sustainability through the sharing of knowledge. Typically such organisations will be unbiased and but have the involvement and/or influence of/on our clients, peers, stakeholders or the public for their contributions to sustainability.

Typically, to be active on an industry leading or technical body, an operating business would need to be involved in at least two activities such as:

- Developing case studies
- Speaking at, hosting or organising events
- Feeding back on draft legislation
- Participating in consultations
- Developing new tools or standards
- Participating in publications
- Writing articles

A 'formal alliance' is a contractual agreement or a 'terms of reference' between a Balfour Beatty-owned operating business and third party to bring a sustainability solution to market. Such arrangements are typically entered into to protect intellectual property rights, recover design and development costs and distribute profits fairly.

1.1.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of industry leading or technical bodies on which Balfour Beatty is represented by members of the operating business.

PI calculation: Number of representations.

Evidence for audit: Provide copies of minutes, reports, or online documentation that makes reference to individuals within the operating business being represented on industry leading or technical bodies.

Provide examples of what the operating business's contribution to the industry leading or technical body has been within the last 12 months.

1.1.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of formal alliances that exist for the purpose of bringing more sustainable solutions to market.

PI calculation: Number of formal alliances.

Evidence for audit: Provide copies of the terms of reference or contract for each formal alliance that the operating business enters into.

Provide examples of the benefits that have been gained by entering into formal alliances.

These do not need to be new formal alliances, as some operating businesses have already taken the initiative to engage third parties.

1.1 INFLUENCING THE MARKET

GOOD PRACTICE

- Identify industry leading or technical bodies within your sector
- Consider which of these would be most relevant to the operating business's clients
- Consider how the operating business could offer support and approach the most relevant bodies
- Participate in the activities that will support the relevant bodies
- Make stakeholders aware of the operating business's involvement
- Identify formal alliance partners that the operating business may want to approach for developing new sustainable solutions. These alliances can be formed regionally, nationally or internationally
- Develop terms of reference and non-disclosure agreements to discuss initial ideas
- Agree on a contract with the alliance partner to protect intellectual property, to recover design and development costs, and to address profit-sharing and licensing agreements
- Develop the solution and run trials
- Improve the product and bring it to market
- Make clients aware of the solution
- Capture the benefits of the sustainable solution
- Produce press releases to increase awareness of the sustainability solution we are able to offer

1. PROFITABLE MARKETS

GROWING OUR MARKETS

HELPING TO CREATE MARKETS FOR SUSTAINABILITY PRODUCTS AND SERVICES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.2 WORKING IN MARKETS WHERE SUSTAINABILITY IS A DRIVER OF GROWTH	Balfour Beatty is an active participant in new sustainable industries	Identify markets where sustainability performance and life cycle knowledge are differentiators	Number of entries into new markets where sustainability performance and lifecycle knowledge are differentiators	Develop a business planning process that enables such markets to be identified	Market entry achieved in at least one such market per annum

1.2 WORKING IN MARKETS WHERE SUSTAINABILITY IS A DRIVER OF GROWTH

DEFINITIONS

'New sustainable industries' are markets that benefit society, economy and the environment. Typically, they include the following:

- Renewables
- Energy efficient refurbishment/retrofits
- Energy management
- Carbon zero infrastructure
- Community Interest Companies
- Intermediate Labour Market programmes
- Sustainable building materials
- Waste management
- Water monitoring and efficiency

'Sustainability performance' in this context refers to sustainability outcomes that we are able to measure.

'Lifecycle knowledge' is defined as the ability to understand and improve the sustainability impact of infrastructure, buildings, and assets over their whole life through to disposal. This also includes the maintenance, running and disposal costs.

'Number of entries' is defined as the number of projects/ orders won.

'New markets' refers to 'New sustainable industries' that the operating business has not been previously active in. By default, this also includes new geographies and acquisitions where we are entering new sustainable industries.

'New markets' does not include offering the same service we offer one client to another client as this would not be 'new' e.g. offering same service to a private sector client that we already provide to a public sector client would not count as a new market. However, if a different operating business were to replicate the sustainable offering of an existing operating business, this would count as a new market.

In this context the 'business planning process' is a precursor to a business plan that is used for identifying sustainable industries, markets, and products and services where sustainability performance and life cycle knowledge are differentiators.

1.2.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of entries into new markets where sustainability performance and life cycle knowledge are differentiators.

PI calculation: Number of entries into new markets.

Evidence for audit: Demonstrate that a suitable business planning process has been developed to identify sustainability industries. This may include emails, memos, draft processes and procedures that make reference to identifying sustainable industries or a draft business plan identifying relevant markets and products and services where sustainability performance and life cycle knowledge are differentiators.

GOOD PRACTICE

- Develop a business plan that identifies demand for products and services where sustainability performance and life cycle knowledge are differentiators
- Review business plan on a six-monthly basis
- Identify products/services that could be offered
- Research competition and assess the risks and benefits of the sustainability products/services they offer, identifying opportunities for improvement
- Develop/modify products and services
- Identify key potential clients
- Identify clients that would benefit from a new offering
- Collate case studies on where sustainability performance and life cycle knowledge are differentiators

1. PROFITABLE MARKETS

GROWING OUR MARKETS

HELPING TO CREATE MARKETS FOR SUSTAINABILITY PRODUCTS AND SERVICES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.3 MARKETING AND PR	Balfour Beatty is perceived as a leader in delivering sustainable solutions	Incorporate the sustainability benefits of products and services in all marketing and PR plans	Number of articles published promoting Balfour Beatty's sustainability offering per annum	6 per operating business	10 per operating business

1.3 MARKETING AND PR

DEFINITIONS

'Sustainability benefits' of products and services may relate to any of the Roadmap Objectives in the Roadmap. Typically, they will focus on financial, social and environmental benefits.

There are often opportunities for Balfour Beatty to reduce operating costs and whole-life carbon, waste or water through improved designs and solutions, such as remote monitoring, condition-based monitoring, planned preventative maintenance, and sustainable building designs.

'Articles published' is defined as the number of editorial entries in journals, magazines, newspapers and websites. They do not include adverts or advertorials.

If the same press release results in several articles, this only counts as one article.

Where two or more different operating businesses contribute to one press release, the same press release can be counted by each operating business.

1.3.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of articles published promoting Balfour Beatty's sustainability offering.

PI calculation: Number of articles published per annum.

Evidence for audit: Provide examples of articles published that highlight the operating business's sustainability offering on an annual basis.

Articles do not have to focus on sustainability, but need to highlight specific sustainability benefits offered by a product or service.

GOOD PRACTICE

- Identify media streams and publications that the operating business could approach to publish its sustainability offering
- Identify the sustainability benefits of key products and services that the operating business would like to promote to its clients
- Work with project leads to capture and quantify the sustainability and commercial benefits of our products or services such as identifying the kWh, CO_2, maintenance and financial savings that, for example, we have been able to achieve through our new street lighting offer
- When making claims ensure that they follow Defra's green claims code or equivalents such as the US Federal Trade Commission's Green Guide. Defra's green claims code sets the following tests for green claims:
  - Do you have a clear idea of the main sustainability impacts of your product, service or organisation?
  - Is the claim relevant to these impacts, and/or your business and consumer interests?
  - Does the claim convey additional benefits to what is already happening or is required?
  - If performance is compared to others on the market, is the comparison fair and meaningful? Is the basis for comparison clear?
  - Is the claim a truthful and accurate representation of the scale of the environmental benefit or what is likely to happen in practice?
  - Are the scope and boundaries of the claim clear?
  - Does it use plain language that is not vague or ambiguous, or jargon that may be misunderstood?
  - Is the amount and type of supporting information clear and appropriate?
  - Is all imagery (i.e. symbols, pictures or labels) relevant to the claim and not likely to be misinterpreted?
  - Is the evidence to substantiate a claim clear and robust, or is there uncertainty? Has it been tested using the most appropriate standard methods?
  - Can claims of aspirations of future sustainability performance be substantiated by evidence and action?
  - Can the information to substantiate a claim, if not already publicly available, be made available on reasonable request (e.g. enforcement authorities)?

Sources of further information:

Defra's green claims code

http://www.defra.gov.uk/publications/files/pb13453-green-claims-guidance.pdf

1. PROFITABLE MARKETS

CLIENT ENGAGEMENT

WORKING WITH CLIENTS TO DELIVER THEIR GOALS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.4 WORKING FOR THE SUSTAINABILITY OPINION LEADERS	Balfour Beatty is the partner of choice for sustainability opinion leaders in each of our key markets	Identify and secure work for the sustainability opinion leaders in each of our key markets	No. of significant projects/commissions for sustainability opinion leaders per annum	1 per operating business	5 per operating business

1.4 WORKING FOR THE SUSTAINABILITY OPINION LEADERS

DEFINITIONS

An 'opinion leader' is defined as a strategic or influential client that has a track record in running their organisation sustainably or an organisation that influences or sets sustainability policies.

Typical opinion leaders may include multinationals listed on the Dow Jones Sustainability Index, FTSE4Good, STOXX Global ESG Leaders or Business in the Community Index, government departments or agencies, national and international not for profit organisations, or large privately owned companies that are successfully improving their sustainability performance transparently. Typical clients for Balfour Beatty that meet these requirements are national and regional government transportation bodies and national infrastructure operators.

Organisations that spend money on sustainability branding and that sponsor events are not necessarily opinion leaders.

'Significant projects/commissions' refers to projects with values above the operating business's median project value.

'Key markets' are defined as professional services, infrastructure investments, support services and construction services.

GOOD PRACTICE

Identify the sustainability trends within sectors and communicate across the Group to shape the way we work to match our future expectations.

Identify trends and act positively by tracking industry sector expectations, directions and new developments in order to:

- Identify key opinion leaders
- Ensure the operating business's continuous improvement programme is current
- Influence future trends by carrying out innovative projects, trialling new solutions and feeding into policies (directly or indirectly through trade associations and professional bodies)
- Identify key upcoming projects/commissions
- Keep abreast of the latest solutions

Approach opinion leaders with appropriate sustainable solutions.

Provide examples of how you have engaged with opinion leaders on sustainability issues for significant projects or commissions.

1.4.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of significant projects/commissions for sustainability opinion leaders per annum.

PI calculation: Number of significant projects/commissions for sustainability opinion leaders.

Evidence for audit: Provide examples of successful significant projects/commissions where we have won work for sustainability opinion leaders.

These may be opinion leaders that the operating business is already trading with.

1. PROFITABLE MARKETS

CLIENT ENGAGEMENT

WORKING WITH CLIENTS TO DELIVER THEIR GOALS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.5 INFLUENCING CLIENTS	Current and potential clients and investors recognise Balfour Beatty as leading best practice in sustainable infrastructure	Offer clients options that exceed their own sustainability goals	Percentage by value of projects where clients have selected an enhanced sustainable solution offered by Balfour Beatty	15%	25%
		Obtain structured feedback on sustainability performance from clients across the business	Percentage of clients that would place Balfour Beatty in the top three sustainable businesses in their market sector	30%	90%

1.5 INFLUENCING CLIENTS

DEFINITIONS

'Sustainability goals' are short-, medium- and long-term sustainability targets/aspirations that the client may have articulated directly during the tender in conversations or in the tender documentation.

'Projects' are defined by the number of contracts. For instance if an operating business was employed to maintain 10 buildings as part of a facilities management contract for one client, this would count as one project. Similarly, if a rail business was installing a catenary system as part of a contract upgrade to a railway line and then won a contract for an extension on a neighbouring line, this would be classed as a separate project to the original catenary system.

An 'enhanced sustainable solution' is a project where the operating business has agreed to providing more sustainable outcomes to the client than the client originally specified. These would need to link to at least one of the Roadmap Objectives for healthy communities or environmental limits. For instance, having a refurbishment project carried out to a SKA Gold rating would be a good example, as the SKA assessment methodology touches on several Roadmap Objectives of the environmental limits section of the Roadmap, including scope 1, 2 and 3 emissions, recycled content materials, waste, water etc. Similarly, a facilities management project that offers apprenticeships or supports local unemployment would be considered as an 'enhanced sustainable solution'.

A value engineered solution that solely saves money (for instance) would not be classed as an 'enhanced sustainable solution'.

The term 'top three sustainable businesses' is subjective and dependent on the client's perception. Ideally, we would like the client to compare the operating business's sustainability performance against potential competitors or the client's competitors.

1.5.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Value of projects where clients have selected an enhanced sustainable solution.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of projects where clients have selected an enhanced sustainable solution}}{\text{Total value of projects}}$$

Evidence for audit: Collate a list of projects by value and identify those projects where an enhanced sustainability offering has been provided.

Calculate the percentage of projects by value where an enhanced sustainable solution has been offered.

1.5.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Clients that would place Balfour Beatty in the top three sustainable businesses in their market sector.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of clients that would place BB in the top three sustainability businesses in their market sector}}{\text{Total number of clients}}$$

Evidence for audit: Collate feedback results and calculate the percentage of clients that would place Balfour Beatty in the top three sustainable businesses in their market sector.

1.5 INFLUENCING CLIENTS

GOOD PRACTICE

- Review the client's sustainability goals
- Identify opportunities on how these could be met and improved by offering new solutions and different ways of working
- Offer the client an enhanced sustainability offering, identifying key sustainability and cost benefits
- Demonstrate and communicate Balfour Beatty's capability to deliver expertise, and our experience of delivering sustainable solutions, and how this can be integrated with our client's own business needs
- Develop a client satisfaction survey – see also 1.8 'Delivering Better Value' to capture client feedback. Operating businesses may wish to set targets to continually improve satisfaction levels. Balfour Beatty will develop further guidance during 2013 on core questions that the client satisfaction survey/CRM tool should include such as whether the client would place Balfour Beatty in the top three sustainability businesses in their market sector
- Obtain feedback from our clients through market surveys, feedback questionnaires and verbal communication etc. and seek permission to use such information within promotional material

1. PROFITABLE MARKETS

CLIENT ENGAGEMENT

WORKING WITH CLIENTS TO DELIVER THEIR GOALS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.6 ASSESSING RISKS AND OPPORTUNITIES	Sustainability risks and opportunities form a core part of all bid and project management	Include a broad range of sustainability considerations in all project opportunity and risk reviews, including asset life cycle risks such as resilience to climate change	Percentage of bid and project risk registers by number that make explicit reference to a broad range of sustainability topics	25%	100%

1.6 ASSESSING RISKS AND OPPORTUNITIES

DEFINITIONS

'Risk and opportunity reviews' assess and balance the client's expectations with sustainable development issues such as local economic needs, social aspects, and skills development.

The intention is that we offer sustainable project outcomes in addition to the sustainable delivery of projects.

Where clients do not want a sustainable project, we will still quote for works and accept orders.

Our role is to provide sustainability options to clients and our expectation is that, over time, more and more will take on board our suggestions for more sustainable outcomes.

By 'broad range of sustainability considerations' we require that the value of at least one aspect from each of the three areas of the Roadmap is articulated.

Risk and opportunity reviews of sustainability issues should be undertaken in a risk assessment-style process.

'Projects' are defined by the number of contracts. For instance if an operating business were employed to maintain 10 buildings as part of a facilities management contract for one client, this would count as one project. Similarly, if a rail business was installing a catenary system as part of a contract upgrade to a railway line and then won a contract for an extension on a neighbouring line, this would be classed as a separate project to the original catenary system.

1.6.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Bid and project risk registers by number that make explicit reference to a broad range of sustainability topics.

PI calculation:

$$\textbf{P1: Percentage (\%)} = \frac{\text{Number of bid risk registers that explicitly reference sustainability}}{\text{Total number of bid risk registers}}$$

$$\textbf{P2: Percentage (\%)} = \frac{\text{Number of project risk registers that explicitly reference sustainability}}{\text{Total number of project risk registers}}$$

Overall PI Percentage = (P1+P2)/2

Note: Bids and projects have to be calculated separately as not all projects will have sustainability risk assessments carried out at bid stage. Similarly, not all bids will become projects.

Evidence for audit: Produce a master list of all bid/projects and collate information on the number of projects that make explicit reference to sustainability in their risk registers.

GOOD PRACTICE

Conduct a sustainability risk analysis in the project risk and opportunity review for all new tenders and measure the operating business' ability to:

- Perform the contract
- Compete against its competitors
- Ensure it takes a leading sustainability position when responding to its clients on such issues as defining resilience to climate change

1. PROFITABLE MARKETS

CLIENT ENGAGEMENT

WORKING WITH CLIENTS TO DELIVER THEIR GOALS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.7 MEETING THEIR GOALS	Balfour Beatty works in partnership with its clients to help them align their sustainability goals to stakeholder expectations and environmental limits	Apply a protocol to all projects to facilitate early involvement of stakeholders in confirming sustainability goals Collaborate with our clients and other stakeholders to achieve their goals through more sustainable solutions	Percentage of projects by number where we have formally confirmed the sustainability objectives with the client	50%	100%

1.7 MEETING THEIR GOALS

DEFINITIONS

'Projects' are defined by the number of contracts. For instance if an operating business were employed to maintain 10 buildings as part of a facilities management contract for one client, this would count as one project. Similarly, if a rail business was installing a catenary system as part of a contract upgrade to a railway line and then won a contract for an extension on a neighbouring line, this would be classed as a separate project to the original catenary system.

'Formally confirmed sustainability objectives' are defined as contractual clauses, variations, minuted actions or written correspondence for which the management team on the project is accountable.

'Goals' are objectives and needs that our clients and stakeholders may have. These do not necessarily have to have a sustainability focus. The solutions we offer, however, do.

1.7.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Projects that have formally confirmed sustainability objectives with the client.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of projects with formally confirmed sustainability objectives}}{\text{Total number of projects}}$$

Evidence for audit: Produce a master list of all projects and collate information on the number of projects with formally confirmed sustainability objectives. Calculate the percentage of all projects where formally confirmed sustainability objectives have been set.

GOOD PRACTICE

- Define sustainability objectives for all projects at the outset of engagement with the client – identifying how delivery will best be achieved, as well as reaching the end-point objectives, and propose sustainability objectives if none exist
- Ensure that these objectives are being met
- Review each project to identify all potential sustainable solutions and prioritise against budget, long-term benefits to society and the environment, payback and practicality, and ensure the findings are shared and discussed
- Agree the sustainable solutions to be applied on the projects and communicate across delivery teams as early as possible in the project cycle (e.g. tender, design and value engineering stages)
- A sustainable solution does not necessarily mean increased costs. Review the options with the client and appraise based upon short- and long-term added value
- Engage all relevant parties to ensure that agreed sustainability targets to meet their aspirations
- Ensure that the products of success, and lessons learned, are shared across all operating businesses through appropriate communication channels such that they become embedded throughout our culture, so we learn from and build on our successes and avoid repeating mistakes
- Establish and offer costed and funded alternative options that meet or exceed objectives, providing payback to all stakeholders and explain why these options may be preferable to the original proposals

1. PROFITABLE MARKETS

EFFICIENT DELIVERY

TAKING A CONSISTENT AND FORWARD LOOKING APPROACH

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.8 DELIVERING BETTER VALUE	Balfour Beatty brings sustainable thinking to bear on all its projects, with the objective of improving client value through a whole-life approach to infrastructure	Deliver improved value to our clients through deploying sustainable solutions evidenced through case studies	Number of value generating case studies produced by the business and uploaded to the Balfour Beatty knowledge sharing and collaboration portal	5 per annum	10 per annum
	Balfour Beatty consistently seeks to understand its clients' success criteria and deliver against them	Deploy a customer relationship management tool in all of our businesses	Percentage of projects by number where we seek regular feedback on our performance using a formal customer relationship management tool	50%	100%

1.8 DELIVERING BETTER VALUE

DEFINITIONS

'Value generating case studies' are defined as sustainable case studies that demonstrate clear, quantified financial and other sustainability benefits.

The 'knowledge sharing and collaboration portal' is another term for Balfour Beatty's intranet which allows different operating businesses to share knowledge and collaborate.

A 'client relationship management (CRM) tool' is designed to monitor and set quantitative targets to improve client satisfaction levels, throughout the life cycle of the project, checking satisfaction levels at the start, beginning and end.

The term 'regular' will vary depending on the type of project being undertaken. In this context, we would expect client feedback to be collated at least on a six-monthly basis.

Typically clients set the criteria by which Balfour Beatty is judged, based on their objectives and their own expectations. Feedback is then provided at regular intervals throughout the life of the project, as the CRM permeates every aspect of delivery and every level of the operating business.

1.8.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of value generating case studies.

PI calculation: Number of value generating case studies.

Evidence for audit: Collate case studies and demonstrate that these have been shared on the knowledge sharing portal.

1.8.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Percentage of projects by number where we seek regular feedback using a CRM tool.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of projects where we seek regular feedback using a CRM tool}}{\text{Total number of projects}}$$

Evidence for audit: Produce a master list of all projects and collate information on the number of projects where a client relationship tool has been deployed. Calculate the percentage of projects by number that have a CRM tool in place.

GOOD PRACTICE

- Identify suitable case studies from across the operating business
- Produce case studies and upload these onto the Balfour Beatty knowledge sharing and collaboration portal
- Share case studies with other operating businesses
- Promote examples of best practice internally within Balfour Beatty
- Deploy a CRM tool within the operating business
- Set targets for client satisfaction levels
- Develop an action plan for areas where satisfaction levels are poor or indifferent
- Engage personnel from senior management to project teams and include stakeholder and supply chain partners in the CRM process to continually improve performance
- Understand in detail what our clients and stakeholders think of our sustainability performance through use of variety of communication channels including surveys, panels and conversations, and act positively on this feedback

1. PROFITABLE MARKETS

EFFICIENT DELIVERY

TAKING A CONSISTENT AND FORWARD LOOKING APPROACH

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.9 A CONSISTENT APPROACH TO THE MARKET	Balfour Beatty consistently sells the added value of sustainable thinking across all its markets	Maintain a core offering incorporating sustainability deliverables for each market in which we participate	Percentage of bids incorporating core sustainability offering	50%	100%
		Provide an array of added value sustainability offerings for each market	Percentage of bids incorporating added value sustainability offering	10%	50%

1.9 A CONSISTENT APPROACH TO THE MARKET

DEFINITIONS

'Core sustainability offering' refers to a minimum set of sustainability criteria that will be incorporated into all bids. These will be determined by the individual operating businesses, but should cover each of the Roadmap areas i.e. profitable markets, healthy communities and environmental limits. They may vary by project size.

An 'added value sustainability offering' is a bespoke sustainability solution that is offered to a client to address the specific issues identified in a bid. These must include solutions that are over and above those provided by the core sustainability offering.

1.9.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Bids incorporating core sustainability offering.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of bids incorporating core sustainability offering}}{\text{Total number of bids}}$$

Evidence for audit: Produce a master list of all bids and collate information on the number of projects with a core sustainability offering. Calculate the percentage of projects by number that have a sustainability offering.

Keep a register of bids including a core sustainability offering.

1.9.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Bids incorporating added value sustainability offering.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of bids incorporating added value sustainability offering}}{\text{Total number of bids}}$$

Evidence for audit: Produce a master list of all projects and collate information on the number of projects with an added value sustainability offering. Calculate the percentage of bids by number that have an added value sustainability offering.

Keep a register of bids including and enhanced sustainability offering.

GOOD PRACTICE

- Develop clear marketing and promotional material to aid communication on sustainability with clients
- Develop a series of case studies, including the development of a bid library for future tenders. The case studies should demonstrate the clear financial and sustainability benefits of the different products
- Use the case studies to develop a core sustainability offer for all products and services
- Provide the client with incisive management information in support of the most sustainable solution, educating delivery teams as well as client teams, whilst ensuring we take a leading position. Remember sustainable solutions cover positive social impacts as well as environmental considerations, delivering long-lasting products and services, now and into the future. Whole life cycle costing approaches should be used to demonstrate value over the project life

1. PROFITABLE MARKETS

EFFICIENT DELIVERY

TAKING A CONSISTENT AND FORWARD LOOKING APPROACH

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
1.10 GOVERNANCE	Balfour Beatty has a clear and effective process for embedding sustainability across all aspects of its business	Measure and report sustainability KPIs to the board/leadership team on a quarterly basis	Percentage of quarterly reports submitted to the board of the operating business incorporating sustainability KPIs	50%	100%

1.10 GOVERNANCE

DEFINITIONS

Sustainability PIs include progress against the Roadmap Objectives as well as more project-specific measures such as the value of contracts placed with local suppliers or the number of apprenticeship schemes offered as part of the project. The purpose of this Roadmap Objective is that sustainability performance is managed and discussed at Board level.

Operating businesses have a choice on how they present general progress on all Roadmap Objectives. Not all Roadmap areas have to be covered quarterly.

Operating businesses may also want to report on aggregate sustainability PIs for individual projects such as the scope 1 and 2 emissions, number of local staff employed etc.

GOOD PRACTICE

- Speak to the sustainability leads within the functions
- Collate progress from the Board directors on their functions asking them to provide an update on the implementation plan for the individual Roadmap Objectives they are responsible for
- The implementation plan should include actions, responsibilities, completion dates and progress status
- Consider using a RAG (Red/Amber/Green) progress report as in the previous Roadmap reviews and self-assessments that have been conducted
- Review progress against the Roadmap and sustainability PIs at Board level on a quarterly basis as a minimum
- Share the implementation plan, resources, such as templates, policies, procedures, case studies, innovation and lessons learnt with other operating businesses

1.10.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Board reports incorporating sustainability PIs.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of quarterly Board reports that incorporate sustainability PIs}}{\text{Total number of Board reports}}$$

Evidence for audit: Provide examples of Board reports and minutes confirming the nature of the resulting discussion that include sustainability PIs from across the business. Project sustainability PIs may summarise a number of Roadmap PIs.

2. HEALTHY COMMUNITIES

AS A GLOBAL PROVIDER OF BUILDINGS, INFRASTRUCTURE AND SERVICES AS WELL AS A MAJOR EMPLOYER, WE AIM TO ENSURE THAT THE WORK WE DO IMMEDIATELY IMPROVES THE QUALITY OF PEOPLE'S LIVES WHILE SUPPORTING THE NEEDS OF FUTURE GENERATIONS.

2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.1 OWNING THE SUSTAINABILITY AGENDA	Across Balfour Beatty there is clear accountability and responsibility for delivering the Roadmap objectives	Ensure all Roadmap objectives have a board director accountable for their delivery	Percentage of Roadmap KPIs for which board director accountability has been formally established	100%	100%
		Include individual sustainability-related objectives in appraisals for staff	Percentage of appraisals that include individual sustainability-related objectives	25%	80%

2.1 OWNING THE SUSTAINABILITY AGENDA

DEFINITIONS

The term 'board director' refers to operating business Board directors, including the Managing Director.

'Individual sustainability-related objectives' are defined as outcomes that staff are expected to achieve and against which performance will be measured. These may be set on a six-monthly or annual basis with other objectives and must be reviewed as part of the performance and review process. Sustainability objectives should be specific to the individual job roles and the Roadmap. For instance, an objective for a supply chain/category manager may be to "Work with 10 key suppliers to agree and set PIs to improve their sustainability performance". Sustainability objectives may include broad objectives including safety and people development that relate to Roadmap Objectives for healthy communities and environmental limits.

'Staff' are paid employees who provide management, supervision or support to operatives. Although in many cases staff are office based, there are exceptions such as project managers and superintendents. Typical functions include procurement/supply chain, finance, HR, communications, IT, Health & Safety, quality, Group audit, bid development, project managers, estimators, design, contract managers, innovation and sustainability.

'Operatives' are paid employees who directly provide services or products for the operating business and do not supervise others' work. Typically, these include functions such as builders, technicians, plumbers, painters, electricians, carpenters, cleaners, welders, and assembly line workers. Supervisors, charge hands or managers direct operative employees in their work and are classed as staff.

2.1.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Roadmap PIs for which board directors' accountability has been formally established.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of Roadmap PIs for which Board directors' accountability has been formally established}}{\text{Total number Roadmap PIs}}$$

Evidence for audit: Produce an action plan identifying the actions required to achieve the 32 Roadmap Objectives, with the action owners, target dates and the accountable Board director.

We expect that the 32 Roadmap elements are divided up between the board directors and that the action plan makes specific reference to the individual directors.

2.1 OWNING THE SUSTAINABILITY AGENDA

2.1.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Appraisals that include individual sustainability-related objectives.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of appraisals that include individual sustainability-related objectives}}{\text{Total number of appraisals that include individual sustainability-related objectives}}$$

Evidence for audit: Provide copies of staff appraisals demonstrating that sustainability objectives have been set. Appraisals have to be available to auditors if required. Auditors will generally want to review a cross-section of staff objectives demonstrating that senior and middle managers as well general staff have sustainability objectives that are relevant to their day-to-day roles and the Roadmap. Calculate the percentage of staff that have individual sustainability objectives and provide an explanation as to how this has been calculated.

The target percentage is for those staff that have appraisals i.e. if out of a workforce of 5,000 employees, 3,500 have appraisals, 25% of these should have sustainability-related objectives in their appraisals.

Where operating businesses take on new staff or acquire new businesses they have 12 months before the new members of staff have to be included in the above appraisal process.

GOOD PRACTICE

- Agree at Board level the director responsible for delivering each Roadmap PI to the standard set by the operating business
- Ensure that the senior management team have sustainability objectives that are cascaded down through their teams
- Provide evidence that Board directors are formally engaged in ensuring that their relevant Roadmap areas are being implemented. Evidence may include minutes from meetings, emails and memos, job descriptions, quarterly reviews of the action plan, and press releases
- Measure the percentage of the 32 Roadmap Objectives that have been incorporated into the objectives of Board directors
- Set individual sustainability objectives in appraisals for staff (not operatives)
- Review progress against staff objectives

2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.2 KEEPING PEOPLE SAFE	Zero Harm is a permanent reality within the Group and Balfour Beatty continues to be a sector leader in Health and Safety	Share best practice internally within the Group and externally within our industry. Hold management accountable for the competent identification and management of all risks. Seek to lower the potential for injury through revised processes that reduce the number of people exposed to hazards	AFR	0.10	0
			Fatalities	0	0
			Permanently disabling injuries	0	0
			Injuries to members of the public	0	0
			Long-term harm to health	0	0

2.2 KEEPING PEOPLE SAFE

DEFINITIONS

Operating businesses are required to achieve our Zero Harm targets.

The Accident Frequency Rate (AFR) is defined as:

AFR = Number of injuries classified as 'Major injuries' or 'Over three days away from work' per 100,000 hours worked.

The 100,000 hours are an approximation of the number hours an employee will work in their whole life.

'Major injuries' refers to permanently disabling and non-permanently disabling injuries.

A major permanently disabling injury is a major injury that results in significant long-term loss of physical capability (e.g. an amputation) such that the person is unable to continue in the same job.

A major non-permanently disabling injury is one that does not result in significant long-term loss of physical capability.

Examples of major injuries include:

- Any fracture, other than to the fingers, thumbs or toes
- any amputation (that is not classified as permanently disabling)
- Dislocation of the shoulder, hip, knee or spine
- Loss of sight (whether temporary or permanent)
- Any injury leading to unconsciousness, requiring resuscitation or requiring admittance to hospital for more than 24 hours

An 'over three days away from work' injury is one that leads to the injured person being away from work for more than three consecutive days (not including the day the injury occurred).

'Industry' refers to competitors and suppliers operating in representative/similar sectors.

'Long-term harm to health' is measured by the number of new cases of work-related ill health (classified with level 3, 4, or 5 health consequences as defined in our Zero Harm programme).

2.2.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: AFR.

PI calculation:

$$AFR = \frac{(\text{Major injuries} + \text{over three day injuries}) \times 100{,}000}{\text{Total hours worked}}$$

Evidence for audit: Monthly statistics and board reports on AFR rates.

2.2.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Fatalities.

PI calculation: Number of fatalities.

Evidence for audit: Monthly statistics and board reports of the number of fatalities.

2.2.3 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Permanent disabling injuries.

PI calculation: Number of permanent disabling injuries.

Evidence for audit: Monthly statistics and board reports of the number of Permanent disabling injuries.

2.2 KEEPING PEOPLE SAFE

2.2.4 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Injuries to members of the public.

PI calculation: Number of injuries to members of the public.

Evidence for audit: Monthly statistics and board reports of the number of Injuries to members of the public.

2.2.5 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Long-term harm to health.

PI calculation: Number of new cases of work-related ill health (classified with level 3, 4, or 5 health consequences).

Evidence for audit: Monthly statistics and board reports on IHFR.

Demonstrate examples of successful safety initiatives.

GOOD PRACTICE

- Record all major injuries, over three day injuries, fatalities, permanently disabling injuries and injuries to members of the public
- Share and benchmark our performance with competitors and suppliers
- Continue to implement Balfour Beatty's Zero Harm programme by running initiatives to minimise accidents through preventative action
- Make our commitment to Zero Harm highly visible
- Resist all pressure to compromise safety at any stage of the project
- Insist on excellence
- Stay mindful
- Do not tolerate unsafe behaviour, short cuts or unplanned work and support those who challenge these things
- Hold to account those who choose not to follow our procedures
- Never repeat the same error
- Seek out best practice: We adopt it; we share it
- Challenge current practice, and dare to innovate, so we can eliminate all risk of serious harm from all our activities
- Insist everyone is involved
- Ensure everyone everywhere is informed, trained and engaged

2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.3 PROMOTING HEALTHIER LIFESTYLES	Balfour Beatty is recognised as an employer that actively supports and promotes a healthy lifestyle for its people	Offer a range of healthy lifestyle advice and options to our people, including benefits available to employees	Number of healthy lifestyle campaigns run by operating business per annum	1	2
		Monitor and review sickness absence	Average number of sick days per FTE per annum	4.5	4.0

2.3 PROMOTING HEALTHIER LIFESTYLES

DEFINITIONS

A 'healthy lifestyle campaign' is a targeted programme that should contain at least two initiatives such as:

- Subsidised gym/sport membership
- Sport activities for employees (e.g. global corporate challenge, badminton clubs or football leagues)
- Selection of healthy snacks such as fruit bowls in offices
- Healthcare provision for operatives (e.g. through in-house medical staff)
- Confidential blood tests
- Advice on healthy living (dealing with stress, nutrition, staying fit, smoking etc.)
- Advice on threats posed by pandemics (e.g. swine flu)

If an operating business were to run two distinct healthy lifestyle programmes at different times of the year these would count as a total of two campaigns.

It is important to note that operating businesses are expected to have a number of initiatives for each campaign in place. Simply providing fruit or blood tests would not be sufficient.

'Sick days' are defined as time off from work, paid or unpaid, on account of an employee's temporary inability to perform duties because of sickness or disability. Sick days do not include maternity leave but do include days lost to injuries.

'FTE' refers to full-time employees or equivalent i.e. staff and operatives. It is based on the number of man hours worked.

2.3.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of healthy lifestyle campaigns run per annum.

PI calculation: Number of healthy lifestyle campaigns/annum.

Evidence for audit: Details of healthy lifestyle campaigns on an annual basis.

2.3.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Average number of sick days per FTE per year.

PI calculation:

$$\text{Average} = \frac{\text{Total number of sick days}}{\text{Total number of FTE}}$$

Evidence for audit: Sick day and staff records.

GOOD PRACTICE

- Engage with operatives and staff to understand their common lifestyle challenges
- Work with the communications team to develop a healthy living communications plan
- Develop a programme for disseminating healthy lifestyle advice
- Run the programme
- Celebrate the achievements
- Monitor number of sick days on a monthly basis
- Review the results and compare these to sick day statistics for the current and previous years

2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.4 VALUING DIVERSITY	Balfour Beatty is recognised, internally and externally, for the value it has obtained from its progressive diversity policies	Implement the Group and divisional action plans on diversity and inclusion	Percentage of senior leadership positions held by women	20%	25%
			Percentage of workforce that is female	30%	40%
			Percentage of divisional diversity and inclusion targets and actions achieved	70%	100%

2.4 VALUING DIVERSITY

DEFINITIONS

At Balfour Beatty, we support diversity in its broadest sense including diversity of race, ethnic origin, age, disability, sexual orientation and gender. In order to advance the diversity agenda the Group has compiled a three year action plan which covers a broad range of diversity-related initiatives and targets. The achievement of these targets is referred to explicitly in our expectations in the Roadmap.

In order to make a broad impact on diversity over the next three years, however, we have developed a further two primary indicators focused on increasing the representation of women in the Group generally and in senior leadership positions within the organisation. Improving our gender diversity in the organisation, in particular, is a clear priority for us in terms of improving our access to talent in the market and reflecting our clients and the communities we serve in the make-up of our staff. We recognise, at the same time that improvements in gender diversity will also create an environment in which we can make inroads into our broader diversity objectives.

'Senior leadership position' is defined as one that is a maximum of two levels away from the CEO/MD (or comparable position) for the operating business.

'Workforce' is defined as all directly employed staff and operatives.

The divisional diversity and inclusion targets and actions are those set out by Balfour Beatty Group in the Group and Divisional three- year action plan. These currently include Year one targets and actions for:

- The appointment of female non-executive Board members
- Number of women in Group leadership positions
- External benchmarking on diversity and inclusion
- Monitoring female promotion rates and participation in talent management activities
- Provision of diversity training for senior leaders
- Establishment of a Group Diversity and Inclusion Skills Committee
- Renewal of the Group websites from a diversity inclusion perspective
- External awards and recognition for progress on diversity

2.4.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Percentage of senior leadership positions held by women.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of senior leadership positions held by women}}{\text{Total number of senior leadership positions}}$$

Evidence for audit: Organisational chart.

2.4.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Percentage of workforce that is female.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of FTE women in the workforce}}{\text{Total FTE workforce}}$$

Evidence for audit: HR Statistics.

2.4 VALUING DIVERSITY

2.4.3 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Percentage of divisional diversity, inclusion targets and actions.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of divisional diversity, and inclusion targets and actions achieved}}{\text{Total divisional diversity, and inclusion targets and actions}}$$

GOOD PRACTICE

- Advertise jobs transparently
- Advertise development opportunities transparently
- Have mixed gender recruitment panels
- Offer flexible working arrangements
- Appoint mentors for female employees to provide support in their career development
- Implement the divisional action plans on diversity and inclusion identifying clear action owners and implementation dates
- Run diversity training courses
- Set-up systems to collate relevant diversity data

2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.5 DEVELOPING THE SKILLS AND CREATIVITY OF OUR PEOPLE	A passion for coaching and developing others is embedded throughout Balfour Beatty and seen as a key requirement for leaders in the Group	All employees receive sufficient opportunities for personal development	Percentage of employees that confirm that they are receiving sufficient opportunities for personal development in the employee survey	50%	70%
	Sustainability awareness is a key element of Balfour Beatty's development agenda and is recognised as a requirement of its current and future leaders	All leadership development programmes include explicit reference to our sustainability agenda and objectives	Percentage of development programmes with sustainability content	50%	100%
		Promote and recognise sustainable innovation as a positive behaviour for all Balfour Beatty employees and instil a commitment in our leaders to support innovation	Number of internal awards and other programmes within the operating business that recognise innovation in sustainability	1	3

2.5 DEVELOPING THE SKILLS AND CREATIVITY OF OUR PEOPLE

DEFINITIONS

The 'employee survey' consists of core questions provided by Group HR and additional questions that the operating businesses may want to ask in order to provide flexibility to tailor the questions to their needs and obtain maximum benefit from the surveys. However, all surveys must include some core questions on opportunities for personal development and employee satisfaction (see 2.7).

'Leadership development programmes' are training programmes that are designed to develop leadership skills.

Development programmes may include training courses and other suitable approaches for management.

Although we encourage Balfour Beatty operating companies to enter external awards to promote our achievements, 'awards' in this context means internal award schemes to promote and reward positive behaviours on sustainable innovation. Group 'awards', such as our international Chairman's Graduate Prize for Innovation, do not count towards this target.

The term 'sustainable innovation' can include new products, client engagement tools, efficiency measures and improved social performance.

'Other programmes' may include other types of award, such as a pay rise, a promotion, a commendation, a speech, or an internal or external announcement, that are part of a framework for rewarding success.

2.5.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Complete employee survey.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of employees that confirm that they are receiving opportunities to develop}}{\text{Total number of employees}}$$

Evidence for audit: Survey returns & calculations.

2.5.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Development programmes.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of development programmes with sustainability content}}{\text{Total number of development programmes}}$$

Evidence for audit: Development programmes that make reference to and include all of the three Roadmap areas.

2.5.3 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Internal awards and other programmes that recognise sustainability.

PI calculation: Number of awards.

Evidence for audit: Examples of internal awards and other events that recognise staff contributions for sustainable innovation.

Where a pay rise or promotion is used as evidence, there needs to be a clear paper trail illustrating that these were in at least part due to sustainable innovation.

2.5 DEVELOPING THE SKILLS AND CREATIVITY OF OUR PEOPLE

GOOD PRACTICE

- Conduct an anonymous regular employee survey (This may be phased throughout the year and be used as a barometer on monthly satisfaction levels. Some operating businesses carry out the annual employee survey on an alphabetical basis, tackling different surnames in different months, but using the same questions)
- Analyse the results from employee surveys and identify underlying trends that may or may not need addressing
- Share results and communicate to employees actions that will be taken to address any issues
- Review current development programmes and include sustainability content where appropriate
- Provide opportunities for staff to suggest innovative solutions
- Offer staff opportunities to pursue innovations with suppliers and clients
- Run awards and competitions to reward, recognise and promote sustainable innovation ideas from employees within the operating business. These may form part of a wider awards ceremony that the operating business may undertake
- Consider celebrating successes through internal publications, staff magazines, etc.
- Mentoring and project-based learning can offer good development opportunities

2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.6 ATTRACT AND RETAIN GREAT PEOPLE	Balfour Beatty has a market-leading career and development proposition for future leaders	Formally identify leaders with high potential consistently across the Group and ensure that a comprehensive development plan is in place for these individuals to provide the development and experiences necessary to fulfil their potential and progress their careers	Retention rate for those identified as short-term successors to senior management positions	70%	80%
			Percentage of those identified as short or medium term successors to Group or divisional leadership positions that have a comprehensive development plan in place	60%	90%
	Balfour Beatty is recognised as leading standards in the retention of graduates in the relevant sectors, particularly in regard to female graduates	Establish leadership against appropriate standards for graduate retention in the external market, particularly in relation to female graduates	Match or exceed the AGR standards for graduate retention rates at 1 and 3 years	Match the AGR (or local equivalent) standards	Match the AGR (or local equivalent) standards

2.6 ATTRACT AND RETAIN GREAT PEOPLE

DEFINITIONS

'Future leaders' are defined as people that have been identified as having high potential to take up senior management positions in the future.

'Short-term successors' are future leaders that are likely to take up senior management positions within the next two years.

'Medium-term successors' are future leaders that are likely to take up senior management positions within the next two to five years.

'Senior management positions' are defined as those staff in substantial management roles, typically graded SMR or above.

A 'graduate' is defined as a person who is on enrolled on a graduate scheme/graduate development programme operated by an operating business.

'AGR standards for graduate recruitment' refer to the Association of Graduate Recruiters' (http://www.agr.org.uk/) annual analysis of retention levels for graduates. Similar standards may be used for international businesses.

A 'comprehensive development plan' uses the Group or business unit pro-forma and encompasses specific development opportunities.

'Graduate schemes' offered to graduates consist of a structured training programme for the first 18 months to two years of their employment.

2.6.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Retention rate for short-term successors.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of short-term successors employed at the end of the year}}{\text{Total number of short-term successors identified at the start of the year}}$$

Evidence for audit: Provide records of retention rates for short-term successors that have been identified and those that have been promoted since being identified.

2.6.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Short- and medium-term successors that have development plans in place.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of short- and medium-term successors with development plans}}{\text{Total number of short- and medium-term successors}}$$

Evidence for audit: Provide a record such as the relevant Organisation and People Review submission (OPR) of all identified short- and medium-term successors. Keep records of all development plans for short- and medium-term successors.

2.6.3 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Match or exceed the AGR standards for graduate retention rates at one and three years.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of retained graduates}}{\text{Total number of graduates that initially embarked on the graduate scheme}}$$

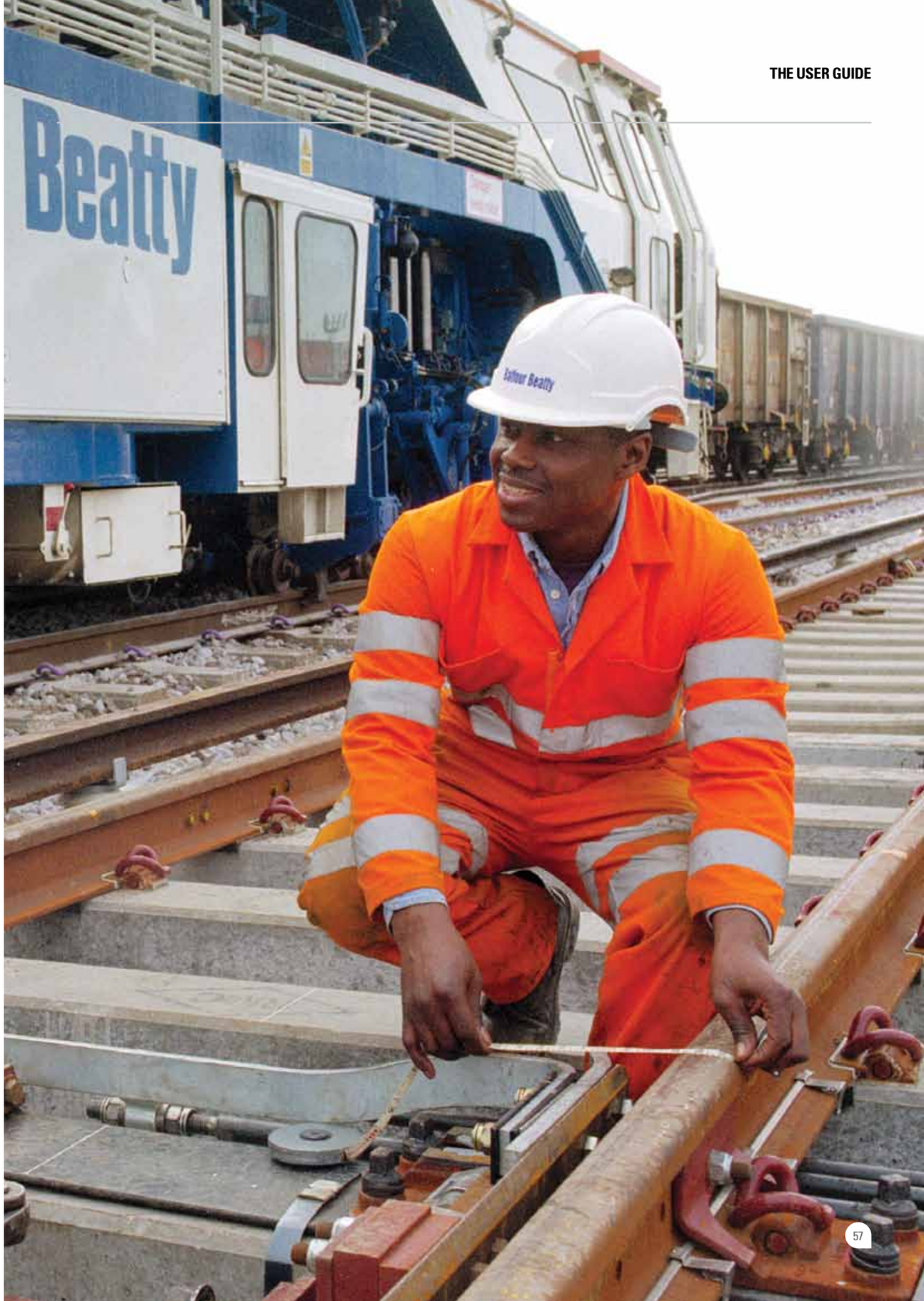
Evidence for audit: Keep records of graduate retention rates and calculate the average graduate retention rate for one year and three years.

Provide an analysis of the operating business's graduate retention rates and a comparison to industry benchmarks such as the AGR standard for graduate retention.

2.6 ATTRACT AND RETAIN GREAT PEOPLE

GOOD PRACTICE

- Identify people who have the potential to add value to the organisation and make a real impact on the business
- Develop/run accelerated leadership programmes for future leaders and graduates
- Write development plans for short- and medium-term successors
- Carry out succession planning as part of the Group Organisation and People Review process and/or the relevant development process for people with high potential
- Track retention levels of short-term successors after one and three years
- Determine why leavers are leaving
- Focus on recruiting and developing the best graduates
- Consider working with universities to run internships and attract talent early
- Track retention levels of graduates after one and three years
- Determine why graduates leave the organisation through exit interviews



2. HEALTHY COMMUNITIES

OUR PEOPLE

VALUING EMPLOYEES AND THEIR CONTRIBUTION IN DELIVERING SUSTAINABILITY

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.7 INCREASE EMPLOYEE SATISFACTION AND ENGAGEMENT	Balfour Beatty is known as the employer of choice by its employees	Employees confirm they are satisfied in the company	Percentage of employees who confirm that they are satisfied in employee surveys	70%	80%
		Employees are advocates for the Group as an employer	Percentage of employees who are advocates for the Group as an employer in employee surveys	70%	80%

2.7 INCREASE EMPLOYEE SATISFACTION AND ENGAGEMENT

DEFINITIONS

Employee satisfaction levels are based on the feedback provided by employees in regular employee surveys.

'Advocates' for the Group can be defined as employees that would recommend Balfour Beatty as an employer to their friends.

GOOD PRACTICE

- Keep employees informed on company developments, results and achievements through regular newsletters and briefings
- Conduct an anonymous employee survey on a regular basis (This may be phased throughout the year and be used as a barometer on monthly satisfaction levels. Some operating businesses carry out the annual employee survey on an alphabetical basis, tackling different surnames in different months)
- Analyse the results from employee surveys and identify underlying trends that may need addressing
- Achieving standing in "Best Places to Work" surveys

2.7.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Percentage of employees who confirm that they are satisfied.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of employees who confirm they are satisfied}}{\text{Total number of employees providing feedback in surveys}}$$

Evidence for audit: Records of employee surveys and analysis of the survey data.

2.7.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Percentage of employees who are advocates for the Group as an employer.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of employees who identify themselves as advocates}}{\text{Total number of employees providing feedback in surveys}}$$

Evidence for audit: Records of employee surveys and analysis of the survey data.

2. HEALTHY COMMUNITIES

SUPPLY CHAIN

PARTNERING WITH OUR SUPPLY CHAIN TO DELIVER SUSTAINABLE SOLUTIONS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.8 SUPPLY CHAIN ENGAGEMENT	Balfour Beatty clients and supply chain members are equal partners in achieving sustainability targets	Induct all tier one suppliers on the aims of the Roadmap and their role in achieving it. Ensure all tier one supply chain partners have carried out their own self-assessment against the Roadmap	Percentage by value of tier one supply chain contracts where supplier self-assessments have been completed	75%	100%
	Balfour Beatty is recognised as the industry leader in managing and improving its supply chain	Create improvement plans with all tier one supply chain partners that address identified sustainability risks and opportunities	Percentage by value of tier one supply chain partners with improvement plans that address identified sustainability risks and opportunities	50%	100%
		Work across the supply chain to embed sustainability	Percentage by value of supplier audits conducted by operating business that make reference to sustainability	25%	90%
		Support the sharing of learning across the supply chain on sustainability	Number of communication pathways created for the sharing of sustainability best practice across the supply chain	1	3

2.8 SUPPLY CHAIN ENGAGEMENT

DEFINITIONS

'Tier 1' suppliers are classed as suppliers that are at the top of the supply chain, supplying goods and services directly to Balfour Beatty. Including contractors, these are members of our supply chain that we place an order or contract with. 'Tier 1 supply chain contracts' are 'Tier 1' suppliers that make up 80% of Tier 1 spend.

'Self-assessment' is an evaluation that is conducted by suppliers on their own progress against the BB Roadmap or a similar proforma to benchmark and improve their sustainability.

'Improvement plans' outline the targets, tasks and deadlines that individual suppliers will undertake to improve their sustainability performance such as reducing the emissions of engines over time, steadily increasing the PFA content in cement or taking on X number of apprentices. The improvement plans are based on the suppliers' key risks and opportunities that are generally identified through face-to-face meetings.

'Supplier audits' are defined as audits to help Balfour Beatty understand the performance and compliance of suppliers with environmental standards, verify claims and identify opportunities. We expect these to focus on objectives from the Healthy Communities and Environmental Limits sections of the Roadmap. Supplier audits are typically conducted by supply chain leads within the business and form part of a wider audit, i.e. focus on other aspects of the supplier/client relationship as well as sustainability.

'Communication pathways' refers to communication channels for Tier 1 suppliers that fall within the Tier 1 supply chain contracts definition. Such pathways include seminars and exhibitions, supplier newsletters, bulletins, regular scheduled face-to-face meetings etc. which facilitate the sharing of knowledge between Balfour Beatty and its supply chain.

2.8.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Tier 1 supply chain contracts where supplier self-assessments have been carried out.

PI calculation:

$$\text{Total value of Tier 1 supply chain contracts} = \frac{\text{Total Tier 1 spend}}{100} \times 80$$

$$\text{Percentage (\%)} = \frac{\text{Value of Tier 1 supply chain contracts where suppliers have completed self-assessments}}{\text{Total value of Tier 1 supply chain contracts}}$$

Evidence for audit: List of Tier 1 suppliers with completed self-assessment.

2.8.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Tier 1 supply chain contracts where improvement plans have been completed.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of Tier 1 supply chain contracts where improvement plans have been completed}}{\text{Total value of Tier 1 supply chain contracts}}$$

Evidence for audit: Keep records of the improvement plans that have been completed and the assumptions used for the calculations.

2.8 SUPPLY CHAIN ENGAGEMENT

2.8.3 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Value of supplier audits conducted that make reference to sustainability.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of supplier audits conducted that make reference to sustainability}}{\text{Total value of supply chain audits conducted}}$$

Evidence for audit: Keep records of supplier audits that have been completed and which make reference to sustainability. This indicator is applicable to the suppliers we audit.

2.8.4 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of communication pathways for the sharing of sustainability.

PI calculation: Number of pathways created.

Evidence for audit: Keep records of the number of pathways created for sharing sustainability best practice across the supply chain.

GOOD PRACTICE

- Hold regular supplier supply chain workshops and one-to-one meetings with tier one suppliers
- Liaise with Tier 1 suppliers to ensure that supplier self-assessments have been carried out as part of the contract negotiations
- Review supplier self-assessments as part of the supplier meetings that are held
- Work with Tier 1 suppliers to develop improvement plans. These should focus on the key sustainability risks and opportunities linked to the contract e.g. supplying more fuel-efficient plant as part of a plant hire contract or increasing pulverised fuel ash content of cement. The improvement plan should be material to the contract e.g. the fact that a granite supplier uses recycled paper has little bearing on their overall sustainability performance; we would be far more interested if the mine were complying with international labour laws and taking proactive steps to improve safety and working conditions, and minimise pollution
- Ensure plans are reviewed regularly and are challenging
- Identify suppliers that pose the greatest risk or where there are good opportunities to improve sustainability to conduct supplier audits
- Ensure that sustainability performance criteria are considered as part of the audit and recorded
- Facilitate the sharing of knowledge and good practice across the supply chain by setting up extranets, running workshops, holding meetings etc.

2. HEALTHY COMMUNITIES

SUPPLY CHAIN

PARTNERING WITH OUR SUPPLY CHAIN TO DELIVER SUSTAINABLE SOLUTIONS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.9 CREATING AN EQUITABLE MARKET	Balfour Beatty leads the market in paying its supply chain promptly	Monitor invoice payments and report variances to business Finance Director	Percentage of invoices paid within 30 days of due date	95%	100%
	Balfour Beatty ensures supply chain opportunities are made available to local and national suppliers alike	Promote new supply chain opportunities to local suppliers and report local supply chain spend to clients	Percentage of suppliers by value sourced locally, where 'locally' is defined by the client	25%	50%

2.9 CREATING AN EQUITABLE MARKET

DEFINITIONS

'Supply chain' in this context refers to suppliers, subcontractors and consultants.

In the case of subcontractors, the point of certification/ approval will be used for invoicing purposes, i.e. invoices that have been issued for works that have not been certified would be disputed and not form part of these statistics.

The '30 days' period is measured between the date on which payment is due and the date on which payment is made and is based on the total number of invoices received (not the value of the invoices – in order to support small suppliers).

The term 'local' will be defined by the client and in most cases relate to the vicinity of a project site. Where this has not been defined or where there is not a direct client, the operating business should determine what it classes as local, which is typically (but not invariably) 50 miles (80km) in Europe or 300 miles (480km) in America.

Some local authority and central government contracts will stipulate metrics on inward investment and require evidence of local spend.

2.9.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

CPI: Invoices paid within 30 days of due date.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of invoices paid within 30 days of due date}}{\text{Total number invoices processed}}$$

Evidence for audit: Provide ageing report for invoices.

2.9.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Suppliers by value sourced locally.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of local spend}}{\text{Total value of invoices processed}}$$

Evidence for audit: Provide spend analysis reports on the value of orders placed with local suppliers or site data capturing local spend.

GOOD PRACTICE

- Track the payments of invoices and report variances, highlighting items that have not been paid
- Ensure that the requisition process is followed so that invoices are always paid on time, as many small businesses are dependent on cash flow in order to pay the wages of their staff
- Identify reasons for non-payment
- Advertise supply chain opportunities locally
- Evaluate the merits of using local suppliers and subcontractors when awarding contracts and the impact this might have on the local community

2. HEALTHY COMMUNITIES

COMMUNITIES WE SERVE

IMPROVING THE QUALITY OF LIFE FOR INDIVIDUALS AND COMMUNITIES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.10 BEHAVING RESPONSIBLY	The majority of Balfour Beatty's employees participate in an activity that benefits the wider community on an annual basis	Our employees participate in local activities outside work that benefits the wider community	Average FTEs paid leave to work on activities that benefit the wider community	1	2
		Operating businesses provide 'in kind' donations to support the wider community	Value of 'in kind' donations to support the wider community	Set annually by the operating business	Set annually by the operating business

2.10 BEHAVING RESPONSIBLY

DEFINITIONS

'Paid leave' refers to paid volunteering time provided to employees to work on projects that benefit the wider community. This includes projects that will improve the environment. It does not include personal free time that staff might give up on weekends to support a good cause.

'Employees' are all people who are paid wages directly by the operating business to perform duties. It does not include contractors or agency staff. However, operating businesses have the option of not including operatives in volunteering programmes. Where this is decided it must be formally documented.

'Paid leave' occurs in work time. Credit for employees' own volunteering in their own time shouldn't be taken into account. It does not include project-related activities such as presenting or attending a governors' meeting at a school that we are building, as these are activities that Balfour Beatty derives a profit from and that we would have to carry out anyway. If, however, a member of staff took paid leave to volunteer for a school that Balfour Beatty was not delivering a project for, this would qualify as paid leave.

'In kind' donations refer to the value of materials, equipment or services that Balfour Beatty has provided to a good cause free of charge. This can include the value of staff time on pro bono work.

'Wider community' does not necessarily mean 'local community'. Balfour Beatty has, for instance, supported projects in Africa in the past.

2.10.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Average FTEs paid leave taken for work on activities that benefit the wider community.

PI calculation:

$$\text{Average} = \frac{\text{Number days of paid leave taken for work on activities that benefit the wider community}}{\text{Total number employees}}$$

Evidence for audit: Record the actual number of employees or equivalents who take paid leave in the year and the amount of time spent volunteering. One days' paid leave should equate to 7.5 hours work on a project that benefits the wider community. This could comprise two half-day sessions.

2.10 BEHAVING RESPONSIBLY

2.10.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Value of 'in kind' donations to support the wider community.

PI calculation: £ level of 'in kind' funding or equivalent local currency.

Evidence for audit: Provide written documentation referring to the level of 'in kind' funding that has been set by the operating business for the year e.g. calculate the number of working days in the year (in the UK it is 365 days – 104 days [for weekends] – 25 days [holidays] – 8 bank holidays = 228 days). Divide the annual salary by the number of working days to obtain a day rate and divide this by 7.5 hours and multiply by 1.4 to obtain the hourly rate (cost to the business).

Operating businesses should use their own banding for different grades to simplify the calculations e.g:

Grade	'In kind' hourly contribution
Director	
Senior Manager	
Manager	
Senior Staff	
General Staff/Operative	

Capture and measure the level of 'in kind' funding provided.

GOOD PRACTICE

- Advertise and organise volunteering opportunities to employees
- Where possible employees should be encouraged to get involved in the Balfour Beatty Building Better Futures (BBF) community engagement programme and to engage with our selected charitable partners in participating in their volunteering opportunities, where it is possible to do so
- Encourage employees to participate in volunteering opportunities Where possible link these to team building exercises or projects, giving employees the opportunity to work with different teams and members of the wider community
- Keep records of the number of volunteering days and events staff have participated in
- Set an annual monetary target for the amount of 'in kind' donations offered
- Identify materials and equipment from projects that could be reused and donated to the wider community and establish the value of these
- Work with the community to identify suitable projects ideally, but not solely, promoting the BBF themes that we could support
- Where possible link volunteering opportunities or donations to projects to demonstrate the benefits to the community (over and above the contractual specifications)
- Incorporate activities to benefit the wider community
- Seek ways in which the Group's community engagement programme (BBF) can be utilised to help to broaden graduate and leadership development activities
- Include within the annual appraisal process, the encouragement of managers/employees to explore developmental opportunities through involvement in the Group's community engagement programme

2. HEALTHY COMMUNITIES

COMMUNITIES WE SERVE

IMPROVING THE QUALITY OF LIFE FOR INDIVIDUALS AND COMMUNITIES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.11 EMPLOYING LOCALLY AND INVESTING IN SKILLS	Balfour Beatty is recognised as a leader in supporting sustainable communities through its investment in local skills and capability, ensuring a legacy from our commercial activity	Provide resources, training and skills to build capacity in local communities to support a more competitive workforce and provide sustainable employment opportunities	Percentage of new vacancies for jobs with Balfour Beatty that are advertised through local networks and media	50%	70%

2.11 EMPLOYING LOCALLY AND INVESTING IN SKILLS

DEFINITIONS

The term 'local' will be defined by the client and in most cases relate to the vicinity of a project site. Where this has not been defined or where there is not a direct client, the operating business should determine what it classes as local which is typically (but not invariably) 50 miles (80km) in Europe or 300 miles (480km) in America.

The purpose of this section is to support the local community by offering employment opportunities, apprenticeships, graduate programmes, internships, placements for students, running/supporting training schemes and employment schemes.

Even though certain jobs may require staff to be flexible in terms of their working location, they can still be advertised locally as most roles will be linked to regional hub, office or a key project.

'Local networks and media' in this context may refer to local job centres, employment opportunities at community days, external meetings, graduate presentations, adverts in newspapers, newsletters and websites. It is not necessary that all of these communication streams are utilised.

GOOD PRACTICE

- Establish what you would consider as local by speaking to the client and other stakeholders
- Have a clearly defined process in place to optimise the use of the local labour force and local suppliers where these are available and where it is appropriate to do so
- Provide training and skills to support the development of, and build capacity, in the local community such as by running apprenticeship programmes or running training programmes for local suppliers
- Consider how the skills and knowledge base of local communities could be improved when tendering for new contracts
- Advertise employment and training opportunities locally
- Set-up a system for tracking the number of employees that are employed locally
- Monitor the number of staff that are employed locally

2.11.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: New vacancies for jobs that are advertised through local networks and media.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of new vacancies advertised locally}}{\text{Total number of vacancies advertised locally and nationally}}$$

Vacancies that are advertised both locally and nationally should still be counted as vacancies advertised locally, as locals have the opportunity to apply for roles.

Evidence for audit: Provide a breakdown of new roles that have been advertised locally against the total number of vacancies that have been advertised.

2. HEALTHY COMMUNITIES

COMMUNITIES WE SERVE

IMPROVING THE QUALITY OF LIFE FOR INDIVIDUALS AND COMMUNITIES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
2.12 ENGAGING WITH COMMUNITIES	Balfour Beatty delivers demonstrable long term positive impacts by engaging with local communities in all areas where it operates	Each operating business develops a community engagement plan and sets clear targets to deliver tangible financial and non-financial benefits, including through charitable giving to local communities, and monitors progress against the same	Percentage of locations/ projects with community engagement plans and associated monitoring in place	75%	100%

2.12 ENGAGING WITH COMMUNITIES

DEFINITIONS

A 'community engagement plan' is a document that describes the key activities that will be carried over a 12-month period and/or lifespan of a project to engage with the community.

Community engagement plans are project specific and need to be tailored to local needs and the length of the project. These can then feed into an overarching community engagement plan for the operating business. They only cover operations that fall under our direct control.

Further guidance for developing a community engagement plan will be provided in 2013.

Operating business may decide to develop one community engagement plan, identifying suitable locations and calculating the number of locations/projects participating in the plan.

Engagement plans may not always be applicable, especially where we are a subcontractor working for another principle contractor and are not empowered to liaise with stakeholders.

2.12.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Locations/projects with community engagement plans and associated monitoring in place

PI calculation:

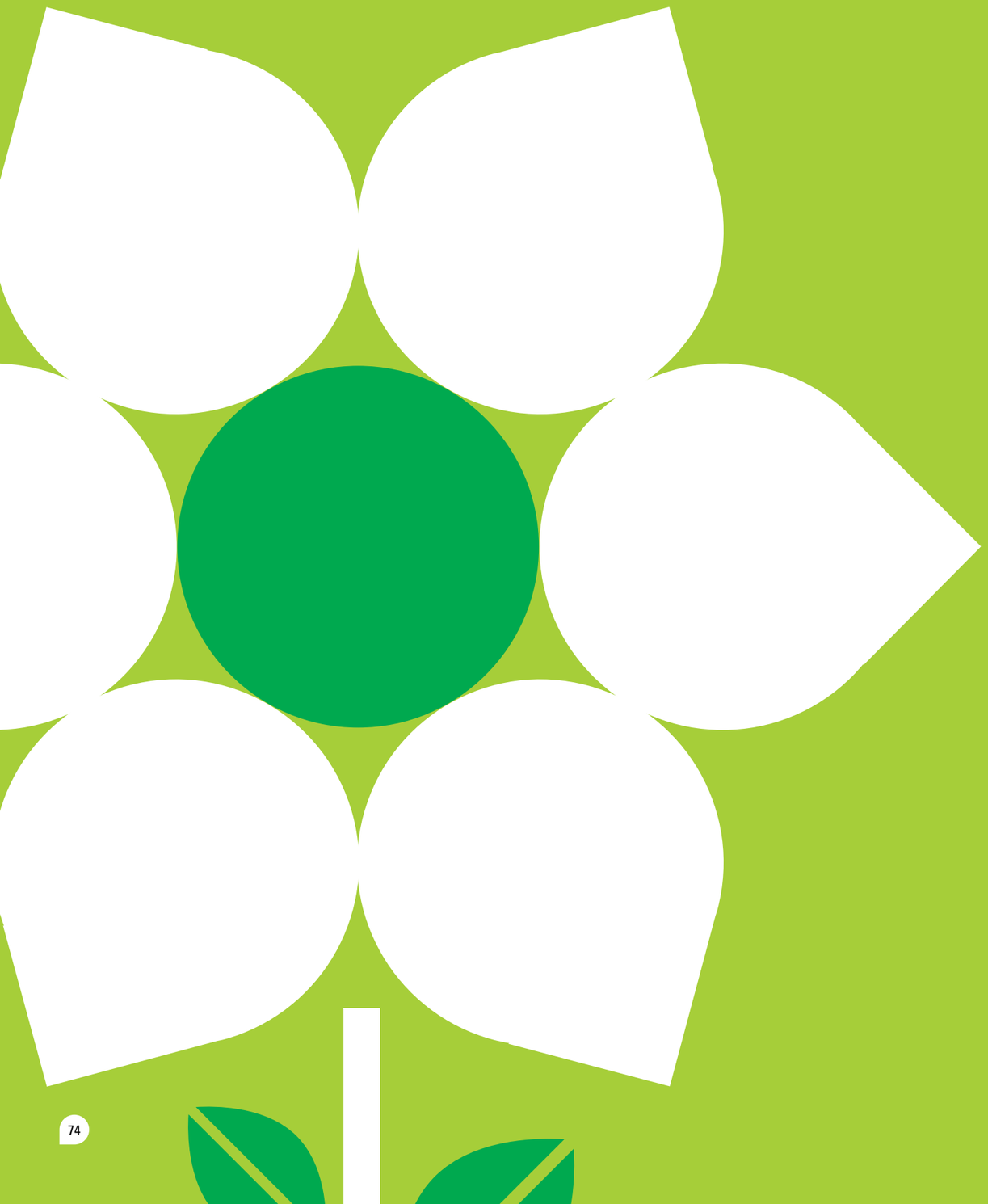
$$\text{Percentage (\%)} = \frac{\text{Number of locations/projects that have a community engagement plans in place}}{\text{Total number of locations/projects}}$$

Evidence for audit: List of all locations/projects that have a community engagement plans in place. Keep electronic records of community engagement plans. Provide examples of associated monitoring.

GOOD PRACTICE

As part of the local community engagement plan, at the outset of each project consider (where the client permits):

- Using different methods to engage stakeholders such as through newsletters, townhall meetings, information stands, project websites, Facebook pages, project Twitter feeds
- Using local suppliers and subcontractors to support the delivery of the project
- Advertising vacancies locally
- Engaging with schools, colleges, universities and professional bodies/institutes
- Supporting the development of local skills and training through the project
- Keeping the public up-to-date on the progress of the project
- Keeping the disruption to local businesses, homes and organisations to an absolute minimum
- How the community could benefit from the project or local initiatives
- Raising safety or sustainability awareness
- Providing contact details of a local liaison officer or site manager so that can be easily contacted
- Providing appropriate opportunities for feedback
- Regularly review progress against the community engagement plan to ensure that it is being implemented
- Keep clients informed on the progress that is being made and invite them to participate in the community engagement plan



3. ENVIRONMENTAL LIMITS

SUSTAINABLE DEVELOPMENT MEANS MAKING BETTER USE OF THE PLANET'S FINITE RESOURCES. BY LEADING ON ENVIRONMENTAL ISSUES SUCH AS ENERGY AND WASTE, WE ARE REDUCING OUR COSTS AND HELPING OUR CUSTOMERS REDUCE THEIR OWN IMPACTS.

3. ENVIRONMENTAL LIMITS

CLIMATE CHANGE

MANAGING OUR GREENHOUSE GAS EMISSIONS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.1 REDUCING SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS	Balfour Beatty achieves a 50% reduction in direct and indirect greenhouse gas emissions against a 2010 baseline across facilities in our estate and projects under our control	Implement efficiency measures and alternative technologies. Share successful innovations across the Group	Scope 1 and 2 tonnes CO_2e / £m revenue (against a 2010 baseline)	20% reduction	30% reduction
			No. of business cases developed within the operating business to reduce scope 1 or scope 2 emissions	2 per annum	10 per annum

3.1 REDUCING SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

DEFINITIONS

As outlined in the Enablon Guidance, Balfour Beatty has aligned the measurement and reporting of its greenhouse gas emissions to the globally recognised GHG protocol. Data should be provided for:

Scope 1 – direct emissions from activities owned or controlled by Balfour Beatty that release emissions straight into the atmosphere. They are direct emissions from sources or fuels that we purchase. Examples of scope 1 emissions:

- Energy used in furnaces and boilers (such as natural gas, LPG, and fuel oil)
- Company-owned/leased vehicle fleet (diesel and petrol consumed by company cars, HGVs and PCVs etc)
- Use of bottled gas (butane & propane) for vehicles and space heating;
- Operational/mobile plant fuel use (e.g. generators, excavators, gritters, cranes, tampers etc)
- Any emissions of fluorinated gases (leakage losses of refrigerant gases from air conditioning and refrigeration equipment and emissions of SF6 to atmosphere) caused directly by the operating business

Scope 2 – indirect emissions being released into the atmosphere associated with Balfour Beatty's consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of our organisation's activities (i.e. purchased energy), but which occur at sources we do not own or control. Carbon Dioxide Equivalent or CO_2e is used to measure greenhouse gas emissions and express these in terms of CO_2 based on their relative global warming potential (GWP) over 100 years. Balfour Beatty uses Defra's CO_2e conversion factors that all provide international conversion rates.

A 'business case' should capture the business justification for initiating an energy project. It should provide a practical solution, review other cost-effective options, quantify the energy and financial savings, and calculate the return on investment.

Balfour Beatty uses the financial control approach to define its scope 1 and 2 emissions. This means we capture emissions from operations that we are able to direct financially i.e. where we have the power to make investment decisions regarding the operations of our assets (see Boundaries).

3.1.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Scope 1 and 2 tonnes CO_2e / £m revenue.

PI calculation:

- Calculate your operating business's CO_2 emissions using Enablon and the Enablon guidance
- Obtain your operating business's annual turnover figure
- Calculate the percentage saving:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current Scope 1 and 2 tonnes } CO_2e \text{ / £m revenue}}{\text{2010 Baseline Scope 1 and 2 tonnes } CO_2e \text{ / £m revenue}}$$

Evidence for audit: Provide up-to-date spreadsheets that list the total CO_2e emissions with a breakdown of the emission sources (e.g. electricity kWh of a building) and provide evidence of the source data such as invoices or meter readings. It is important that there is a full audit trail. The auditors may review the 2010 baseline data to ensure that the baseline data is reliable and that reductions have occurred. It is up to the operating business which scope 1 and 2 emissions it reduces as long as it is able to achieve the minimum expectations in CO_2e reductions. The reduction in GHG emissions relates to facilities, sites, plant and vehicles under our financial control.

Where energy consumption of project sites cannot be metered directly (e.g. utilities projects using mobile generators) then overall consumption data should be collected such as from invoice data. The invoice data does not necessarily need to be broken down by each small site as the aim is to establish the overall carbon footprint and how this varies from year to year, so that we can take steps to reduce costs and emissions such as through early connections.

3.1 REDUCING SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS

3.1.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of business cases developed to reduce scope 1 and scope 2 emissions.

PI calculation: Number of business cases.

Evidence for audit: In order to achieve tangible CO_2e reductions each operating business is expected to put forward at least two business cases for approval on an annual basis.

These will need to be in written format and demonstrate the return on investment of taking measures to reduce CO_2e. Typically, these would be presented to senior management team or Board for approval.

Although we would like as many business cases to be successful as possible, the focus here is to ensure that robust business cases have been developed.

GOOD PRACTICE

The carbon management hierarchy (avoid, reduce, replace, offset) is applied across our operations.

- To achieve a minimum 50% normalised reduction in our scope 1 and 2 emissions will require a culture change in our current approach to energy management, investment in energy-efficient technologies, controls and renewables
- For further guidance and ideas for developing ideas to reduce scope 1 and 2 emissions and for taking a systematic approach, refer to the 121 Energy Saving Guide available from the Sustainability KSC intranet site
- After avoiding and reducing those emissions as much as possible, carbon offsetting is a means of compensating for your remaining scope 1 and 2 emissions by making an equivalent carbon dioxide saving elsewhere. Carbon offsetting involves calculating emissions and then purchasing 'credits' from emission reduction projects. Only Gold Standard offsets under the Clean Development Mechanism (CDM) should be used. All potential offsetting should be referred to Group. Offsetting should never be the first choice
- Review monthly scope 1 and 2 emissions to identify trends and opportunities to reduce consumption
- Develop business cases to reduce emissions
- After calculating the ROI we recommend developing a short paper outlining benefits, costs, resources and timescales for Board approval
- Once approved, ensure that the project is carried out according to the specification and monitor the savings. This information is particularly useful for case studies
- Feeding this information back will help you develop further business cases in the future
- For further guidance on business cases refer to the 121 Energy Saving Guide

For further guidance visit: http://www.ghgprotocol.org

3. ENVIRONMENTAL LIMITS

CLIMATE CHANGE

MANAGING OUR GREENHOUSE GAS EMISSIONS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.2 IDENTIFYING AND REDUCING SCOPE 3 GREENHOUSE GAS EMISSIONS	Balfour Beatty achieves a significant reduction in scope 3 emissions where it has an influence	Quantify significant scope 3 emissions, e.g. embodied carbon or in-use emissions, for the business and develop an action plan for reduction	Scope 3 tonnes CO_2e / £m revenue where we have an influence (against a 2013 baseline)	Scope 3 emissions quantified and action plan for reduction prepared	10% reduction
	Balfour Beatty achieves a 50% reduction in business travel greenhouse gas emissions against a 2013 baseline	Measure emissions from business travel and reduce by more efficient modes of travel and alternative technologies	Business travel scope 3 tonnes CO_2e / £m revenue (against a 2013 baseline)	10% reduction	20% reduction

3.2 IDENTIFYING AND REDUCING SCOPE 3 GREENHOUSE GAS EMISSIONS

DEFINITIONS

Under the GHG protocol, scope 3 indirect emissions cover sources such as:

- Extraction and purchase of construction materials (embodied energy)
- Employee business travel using non-company owned transport (e.g. trains and flights)
- Energy consumed in the operational phase of assets (e.g. during building occupation over its expected design lifetime)
- Use of other services (supply-chain)
- Waste disposal (e.g. biodegradable waste in landfills releases methane [CH4], a greenhouse gas)

'Business travel' in this context refers to flights, train, ferry, and coach journeys as well as mileage that is claimed by staff for business travel. It does not include fleet vehicles, as these would fall under scope 1 emissions, nor taxi journeys or daily commutes to and from work for individuals. It does include emissions from hired buses and minibuses used for dropping off gangs for projects (where we do not pay for the fuel directly).

Although employee business travel may not be a significant source of scope 3 emissions we require operating businesses to capture this information, as the data is increasingly available and is directly linked to operating costs. Furthermore, stakeholder expectations are increasingly moving towards these being quantified as standard.

'Significant scope 3 emissions' are defined as the top five largest sources of emissions.

The term 'where we have influence' refers to our ability to influence scope 3 emissions. For instance, if a client requires the use of a particular type of cement we will not be in a position to change the specified materials and associated emissions. Conversely, where we are able to change consumption or use alternative materials, we do have an influence.

3.2.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Scope 3 tonnes CO_2e / £m revenue.

PI calculation:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current Scope 3 tonnes } CO_2e \text{ / £m revenue}}{\text{2013 Baseline Scope 3 tonnes } CO_2e \text{ / £m revenue}}$$

Evidence for audit: List of scope 3 sources and Enablon reporting data.

Measure the operating business's significant scope 3 emissions and develop an action plan for reducing these by December 2015 as a minimum.

The action plan must identify key tasks, individuals and provide target dates by which these deliverables will be achieved. Operating businesses certified to ISO 14001 can use the action plan as one of their environmental programmes.

Focus on those areas, activities, products or services which are the major users of energy. Consideration should be given to grouping similar project types together. Most large suppliers will already have a good understanding of the scope 1 and 2 emissions that form part of Balfour Beatty's scope 3 emissions.

3.2 IDENTIFYING AND REDUCING SCOPE 3 GREENHOUSE GAS EMISSIONS

3.2.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Business travel in tonnes CO_2e / £m revenue.

PI calculation:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current Business travel scope 3 tonnes } CO_2e \text{ / £m revenue}}{\text{2013 Baseline Business travel scope 3 tonnes } CO_2e \text{ / £m revenue}}$$

Evidence for audit: Monthly travel reports from their appointed travel agents. Claimed mileage data can be obtained from the Finance department.

Monitor monthly business travel CO_2 emissions and ensure that a 10% reduction is achieved against a 2013 baseline (or earlier) as a minimum. Business travel is a subset of scope 3 and must not include scope 1 emissions.

GOOD PRACTICE

- Develop an inventory of your key scope 3 emissions across your operating business's activities
- Run a workshop to identify likely scope 3 GHGs
- Consult subject matter specialists to identify and focus on the largest scope 3 emissions that need to be quantified more accurately
- Request key suppliers to provide information on the embodied carbon of the products they supply such as concrete, steel, asphalt, aggregate etc.
- Where this information is not directly available, use national databases such as the UK University of Bath's carbon inventory to determine the embodied carbon in products
- Work with Tier 1 suppliers to develop an action plan to reduce the embodied carbon (as part of Objective 2.8) within products and services (including labour) purchased by Balfour Beatty. Review the scope 1 nd 2 emissions of key suppliers and develop an action plan to reduce these e.g. by switching to a more fuel-efficient taxi operator, using refrigerants with a lower global warming potential on cooling systems, opting for more energy-efficient buildings when signing leases
- Work with landlords and other suppliers to reduce your scope 3 emissions e.g. working with the landlord to improve recycling provision or energy efficiency within the buildings that you rent, but do not directly control
- Maximise the use of computer-to-computer conferencing (e.g. WebEx, LiveMeeting, GoToMeeting), telephone conferencing or video conferencing to reduce the number of face-to-face meetings and associated business travel costs and carbon emissions

3. ENVIRONMENTAL LIMITS

WASTE

REDUCING THE WASTE THAT WE GENERATE AND MANAGING WASTE AS A RESOURCE

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.3 REDUCING WASTE	Balfour Beatty embeds zero waste thinking in all aspects of its operations and supply chain	Employee and supply chain engagement, monthly monitoring and implementation of innovative solutions and practices to design out and minimise waste across the project life cycle	Percentage reduction in tonnes of total waste generated/£m revenue (against a 2010 baseline)	10%	20%
	Balfour Beatty generates zero waste to landfill from its projects and offices		Percentage reduction in tonnes of waste to landfill/£m revenue (against a 2010 baseline)	75%	90%

3.3 REDUCING WASTE

DEFINITIONS

Waste covers waste materials from all of our properties such as offices, depots, warehouses, factories and other permanent facilities under our control and projects (including waste from our subcontractors where we are the principal contractor) that leave the site/gate. The objective of this section is to:

- Reduce the amount of waste that is generated
- Increase the percentage of waste that is diverted from landfill

Essentially, a substance or object becomes waste when it is disposed of, recovered, e.g. energy from waste, or recycled. Waste does not include materials that never leave the clients' site and are provided for by the clients e.g. railway ballast (unless this transported from one site to another).

Reducing waste at source can be achieved through improved design, stock control, logistics, building information modelling, modular assembly/construction methods, reuse initiatives, and resource efficiency/waste minimisation practices. In such cases better design can lead to waste never being created. This may lead to some operating businesses performing better on 3.3.1 than on 3.3.2.

'Percentage reduction in tonnes of waste to landfill' refers to waste that has been diverted from landfill and instead sent for recycling, composting, anaerobic digestion, aerobic digestion and energy from waste solutions where the heat is used to create electricity and/or heat premises. It does not cover conventional incineration solutions i.e. those without energy recovery. The waste management hierarchy should always be followed to maximise the use of raw materials. Better design can often result in less waste being generated in the first place and significantly reduced cost. Although this might result in lower recycling figures, it will also reduce the total amount of waste generated on Enablon.

In developing countries where the recycling infrastructure is not well developed, operating businesses must strive to get close to the PI targets and document their efforts to recycle materials.

3.3.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Reduction in tonnes of total waste generated /£m revenue (against a 2010 baseline).

PI calculation:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current tonnes of total waste generated/£m revenue}}{\text{2010 Baseline tonnes of total waste generated/£m revenue}}$$

Evidence for audit: Enablon reporting data.

Provide up-to-date monthly spreadsheets that list the total amount of waste generated and provide evidence of the source data such as invoices, weighbridge receipts or waste transfer/consignment notes. It is important that there is a full audit trail. The auditors may review the 2010 baseline data to ensure that the baseline data is reliable and that reductions have occurred. Achieve a 10% reduction in the amount of waste generated by December 2015 against a 2010 baseline.

3.3.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Reduction in tonnes of waste to landfill /£m revenue.

PI calculation:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current tonnes of waste sent to landfill/£m revenue}}{\text{2010 Baseline tonnes of waste sent to landfill/£m revenue}}$$

Evidence for audit: Enablon reporting data.

Operating businesses need to demonstrate at least 75% reduction in waste to landfill by December 2015 against a 2010 baseline or earlier.

3.3 REDUCING WASTE

GOOD PRACTICE

- Monitor waste from all of our properties such as offices, depots, warehouses, factories and other permanent facilities under our control and projects (including waste from our subcontractors where we are the principal contractor) on a monthly or quarterly basis
- Work with suppliers/contractors (as part of 2.8) and staff to reduce the amount of waste that is generated from our operations by at least 10% by applying resource efficiency/waste minimisation techniques
- Through the use of the waste management hierarchy, identify waste materials that can be reused or recycled to achieve a reduction of 75% of waste to landfill (normalised against revenue)
- Make arrangements for all sites for the segregation of waste materials (such as plastics, paper, cardboard, plasterboard, rubble, wood, glass, metals, organic etc.) from general waste for reuse or recycling. Recycling arrangements can be provided off site through materials sorting and recovery facilities for mixed waste streams where space does not allow for on-site segregation

3. ENVIRONMENTAL LIMITS

WASTE

REDUCING THE WASTE THAT WE GENERATE AND MANAGING WASTE AS A RESOURCE

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.4 MINIMISING WASTE OVER THE LIFE CYCLE OF ASSETS	Balfour Beatty maximises the reuse, recycling and recovery of materials across all stages of the project life cycle, from feasibility, design, construction, operation to decommissioning	Processes developed and adopted to maximise material reuse and recovery at every stage of the life cycle, from feasibility and design to construction, operation and maintenance	Percentage of projects by value having a plan for material reuse and recovery at the end of the project's life	25%	50%

3.4 MINIMISING WASTE OVER THE LIFE CYCLE OF ASSETS

DEFINITIONS

'Assets' (see Roadmap Objective title) refer to buildings, infrastructure, and mechanical and engineering components that we may build, install or commission and the plant, fleet and equipment used in the process (e.g. tunnelling machines). As the cost of raw materials will increase over time, this element of the Roadmap will become more and more important.

Over our projects' life cycle, we aim to minimise waste through working with our clients and suppliers to ensure that the materials and products procured can be either reused or recycled at the end of their natural life. Our aspiration is to ensure 100% of materials reuse or recycling at end-of-life for the asset.

The aim is to equip the client with a plan for material reuse and recovery. This may be used long after the project has been completed or applied directly as part of the project delivery, such as for refrigerant upgrade programme on cooling systems. As a minimum, they should include information on how hazardous and non-hazardous materials can be segregated and recycled and be applied to the major materials used.

We do not expect operating businesses that only offer a service contract with no ownership or influence over assets, to have a materials reuse or recovering plan in place e.g. a cleaning contract. However, where an operating business has influence over the cleaning materials it uses, we would expect it still to identify solutions that maximise material reuse or recovery.

For our consultancy businesses we would expect the design stage of the project to consider relevant plans for reuse and recovery.

3.4.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Projects by value having a plan for material reuse and recovery at the end of the project's life.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of projects having a plan for material reuse and recovery at the end of the project's life}}{\text{Total value of all projects}}$$

Evidence for audit: Provide a table with a list of all the projects the operating business is delivering by value, and identify those projects that have material reuse or recovery plans in place.

The reuse or recovery plans must document which waste materials will be generated at key stages of the project and how these will be reused, recycled or recovered. The plans should also detail information for dealing with assets at the end of their life, e.g. providing options for recovering old railway tracks or redundant equipment.

3.4 MINIMISING WASTE OVER THE LIFE CYCLE OF ASSETS

GOOD PRACTICE

- Adopt opportunities for closed loop thinking by reusing materials on site within projects and ensuring the materials and products purchased can be recycled at end-of life of the asset
- An appraisal must be given to how easily it is to decommission the building or infrastructure asset and what proportion of materials can be reused or recycled, to reduce waste arising at the end of its natural lifespan
- Check with clients that the plans can be implemented as intended
- Set project targets (% of recoverable materials) to maximise reuse and recycling of materials following decommissioning
- The key principles to reduce the waste from projects are:
  - Design for reuse and recovery
  - Design for off-site manufacturing
  - Design for materials optimisation
  - Design for waste efficiency procurement
  - Design for deconstruction and flexibility
- Closed loop thinking on the project should be adopted and not limited to the site boundaries. If possible, look to set-up or work with local material exchange programmes so that materials not required by the project can be used elsewhere. For example, soil removed as part of ground works should be stored for later use on the site or at another site

For further guidance visit:
Wrap: Designing out waste guides
http://www.wrap.org.uk

3. ENVIRONMENTAL LIMITS

WASTE

REDUCING THE WASTE THAT WE GENERATE AND MANAGING WASTE AS A RESOURCE

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.5 MINIMISING WASTE BY USING RECYCLED MATERIALS	Balfour Beatty supports innovation in the use of new materials and techniques to apply closed loop thinking to reduce waste in conjunction with its customers and supply chain	Develop and implement plan to maximise the use of locally sourced recycled and secondary materials for use within projects where we control the specification	Recycled content of major materials (by value)	35%	60%

3.5 MINIMISING WASTE BY USING RECYCLED MATERIALS

DEFINITIONS

The purpose of this objective is to stimulate the recycling market through demand for recycled content materials.

'Major materials' in this context are the main materials (by spend) that the operating business purchases e.g. sheet steel, cabling, aggregates, concrete, ballast, plastic, rebar etc. Our aim is that at least 35% of all major materials we procure have recycled content or are substituted with a recycled material. The term recycled content can include secondary aggregates/materials, such as pulverised fuel ash (PFA), rather than virgin aggregates/materials where there is an environmental benefit.

'Recycled aggregates' are derived from reprocessing materials previously used in construction.

'Secondary materials' are by-products of other industrial processes not previously used in construction.

Materials which typically have 'recycled content' include steel/rebar, copper, asphalt, aggregates, medium-density fibreboard, ballast, concrete, insulation, and plasterboard.

3.5.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Recycled content of major materials (by value).

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of major materials with recycled content}}{\text{Total value of all major materials}}$$

Evidence for audit: Run a report on the key areas of spend for major materials illustrating the value of recycled content materials that have been procured.

Provide written evidence on how the recycled content of the materials were determined. These should be provided by suppliers wherever possible. Where this information is unavailable we suggest using national averages. In such cases, always provide the source of the information.

Summarise the value of major materials with recycled content against overall spend on materials.

Use procurement data to provide a breakdown by value of the key materials purchased by the operating business where we control the specification.

GOOD PRACTICE

- Identify the major materials that are purchased to construct and maintain buildings and infrastructure by value and identify and implement opportunities to replace 35% with a recycled material or one that includes recycled content. The intent here is to focus on major materials used by the operating business
- Review opportunities on a project-by-project basis. Sometimes encouraging suppliers to provide high recycled content can have a negative overall effect as it will drive extra manufacturing processes and transportation miles which will have a greater net negative environmental impact than doing nothing
- Advise clients on the most sustainable choice of materials, especially where we do not control the specification
- In cases where we do not specify the materials purchased (e.g. rail and road clients), operating businesses need to engage with the client to seek and, where possible, trial alternative materials that have a recycled content
- It is recognised, that on some occasions, we do have not direct control over material specifications but instead should influence the decision makers to specify materials with recycled contents where an environmental benefit can be demonstrated
- Contact suppliers and ask for innovative products which have recycled content
- Share information on new recycled content materials with other operating businesses and make information available on the knowledge sharing and collaboration portal

3. ENVIRONMENTAL LIMITS

WATER

MANAGING WATER CONSUMPTION

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.6 REDUCING DIRECT WATER USE	Balfour Beatty exceeds relevant industry benchmarks in the reduction of water use	Implement efficiency measures and alternative technologies. Share successful innovations across the Group	Reduction in potable water use m^3/£m revenue (against a 2010 baseline)	20%	30%

3.6 REDUCING DIRECT WATER USE

DEFINITIONS

'Potable water' refers to mains water that operating businesses procure from a water supplier directly. Typically, this will include water use in buildings, depots, industrial units and use of water on projects. The definition includes tankered water.

The definition also includes the use of abstracted groundwater (i.e. from boreholes) that meets drinking water standards such as a spring without additional treatment.

It does not cover rainwater, recycled greywater or freshwater sources such as rivers, streams and lakes.

Although there are differences in water quality throughout the world, with mains water being suitable for drinking without the risk of acute or chronic ill health in developed countries and requiring additional treatment in developing countries, the purpose of this section is to reduce our impact on water reserves.

GOOD PRACTICE

- Ensure water meters are in place to capture direct water consumption
- Monitor direct water consumption from facilities and sites including offices, depots, construction sites, warehouse and factories on a regular basis
- Compare year-on-year water consumption against £m revenue
- Identify opportunities where water can be saved. An audit or survey of how water is being used might be required
- Identify opportunities to reduce consumption and record progress (e.g. detecting and repairing water leaks; capturing rainwater for reuse; collecting grey water for reuse; installing water-efficient plant, appliances and processes; reducing water pressure/ flow and desalination of salt water for use)
- Eliminate the use of bottled water and use plumbed-in water filtration systems as an alternative
- Demonstrate how water savings have been achieved e.g. water awareness campaigns, water-saving technologies/solutions, and process changes

3.6.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Reduction in potable water use m^3/£m revenue (against a 2010 baseline).

PI calculation:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current direct water use } m^3 / £m \text{ revenue}}{\text{2010 Baseline direct water use / £m revenue}}$$

Evidence for audit: Provide up-to-date spreadsheets that list the total operating business's water consumption with a breakdown of the locations at which the water is being used, and provide evidence of the source data such as invoices or meter readings. It is important that there is a full audit trail. The auditors may review the 2010 baseline data to ensure that the baseline data is reliable and that reductions have occurred. The reduction in water relates to facilities, sites, and plant under our financial control.

Provide at least quarterly comparisons of year-on-year direct water consumption and Enablon reporting data.

Provide at least quarterly comparisons of year-on-year direct water consumption. Normalise water consumption data against £m revenue.

3. ENVIRONMENTAL LIMITS

WATER

MANAGING WATER CONSUMPTION

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.7 REDUCING INDIRECT WATER USE	Balfour Beatty works with its supply chain to lead and innovate in new technologies to reduce indirect water consumption over the project life cycle	Undertake assessments of our indirect water footprint to identify the most significant areas of water embodied in the products and materials procured and used within our supply chain as a basis for innovation	Number of significant new technology innovations deployed that achieve reduced indirect water use	1 per annum	2 per annum
	Balfour Beatty achieves industry best practice in its indirect water use	Measure and reduce indirect water consumption over the project life cycle by using materials and products with low embodied water footprints and services with improved water efficiency rates	% reduction in indirect water use m^3/£m revenue against a business defined baseline	Operating business measures indirect water use for major materials	Whole life water footprint prepared for 2 projects per annum

3.7 REDUCING INDIRECT WATER USE

DEFINITIONS

'Indirect water use' refers to fresh/mains water used to produce materials and products procured by the operating business, e.g. water used to manufacture a construction material, such as concrete products and services procured, for instance road sweeping, or gully cleansing.

'Significant new technology innovations' are solutions that reduce 'indirect water' consumption by over 5% for a specific activity to which that technology applies such as suppliers using filtering systems to reuse water in the manufacture of concrete masts, the use of microfiber cloths that reduce the need for water for a cleaning contract, or reducing total indirect water use for all damping down by subcontractors on a site.

'Materials' are the main materials (by spend) that the operating business may purchase such as cement, concrete, plastic, flooring, metals, plastics, quarried material, timber, building elements, paints, polyurethane foams, steel enamel baths and shower trays, and wall and ceiling coverings.

A more detailed breakdown of these material categories is available on Parsons Brinckerhoff's water footprinting tool which is available for download.

Check that main areas of spend, i.e. the top 20 materials by value, have water footprinting calculations. Should these not be covered by conversion factors on the Parsons Brinckerhoff tool, please contact Group

Sustainability. This tool accounts for water throughout the supply chain.

For indirect water consumption we are only interested in the water used in the top 20 materials/products by spend.

'Whole life water footprint' refers to a methodology chosen by the operating business to measure the indirect water use (i.e. beyond major materials) of a project.

3.7.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of significant new technology innovations deployed that achieve reduced indirect water use.

PI calculation: Number of new water technology innovations deployed.

Evidence for audit: Provide evidence of water saving solutions that have been successfully deployed by the operating business such as by working with its suppliers to reduce the embodied water in products.

3.7.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Reduction in indirect water use m^3/£m revenue.

PI calculation:

$$\text{Percentage (\%)} = 1 - \frac{\text{Current indirect water use } m^3/\text{£m revenue}}{\text{2010 Baseline indirect water use / £m revenue}}$$

3.7 REDUCING INDIRECT WATER USE

GOOD PRACTICE

- Using Balfour Beatty's water footprinting tool, identify the most water intensive products and work with suppliers to determine the amount of water used in the manufacturing process
- Review water stress maps (if available) annually to prioritise solutions
- Localising the water footprint is important, as products with a high embodied water footprint that are manufactured within a region suffering from water stress/shortages will have a higher impact on the environment than one manufactured in an area with an abundant fresh water supply
- Review indirect water consumption and prioritise solutions to reduce consumption for major materials
- In conjunction with clients, specify products/services/controls that use less water over the life cycle of a project e.g. water-efficient dual flush cisterns for hotel refurbishments

3. ENVIRONMENTAL LIMITS

MATERIALS

SOURCING RESPONSIBLY AND SELECTING MATERIALS FOR LOWER LIFE CYCLE IMPACTS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.8 MANAGING THE MATERIALS LIFE CYCLE	Balfour Beatty uses low environmental impact materials (as defined over the product life cycle) as the default option for its projects	Collaborate within the business to create a database of low environmental impact materials/products used in projects and share across the Group Quantify the impact reduction of using lower environment impact materials	Spend on low environmental impact materials as a proportion of total materials spend	10%	25%
	Balfour Beatty collaborates with its supply chain to lead in the development and trial of low impact materials	Collaborate with the supply chain to research and develop new lower environmental impact materials/products that deliver the greatest reduction in overall impacts in our projects	Number of trials conducted of low impact materials per annum	1	3

3.8 MANAGING THE MATERIALS LIFE CYCLE

DEFINITIONS

'Low environmental impact materials' are defined as materials that have a lower environmental impact than those currently used by the operating business or ones that carry third party environmental certifications such as materials certified to BES 6001, the Nordic Swan, Blue Angel, the EU Ecolabel, EU Energy/Water label, Energy Star, the EU GPP criteria, Euro 5 or Euro 6 engine standards. Depending on the operating business, 'materials' can also encompass vehicles, equipment and other goods it might procure.

Typically these materials have one or more of the following benefits such as being:

- Not toxic
- Energy and water efficient
- Low embodied carbon and water
- From non-finite sources i.e. readily replaceable
- Fully biodegradable, reusable or recyclable

'Product life cycle' refers to the concept, design, manufacture, use and disposal phases of a material.

Where Balfour Beatty both constructs and operates a project, the relevant businesses will need to work together to produce a whole life assessment of low environmental impact materials spend.

Databases of such materials include:

www.thegreenguide.org.uk

www.greenbooklive.com

http://ec.europa.eu/environment/gpp/eu_gpp_criteria_en.htm

3.8.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Spend on low environmental impact materials over the project as a proportion of total materials spend.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Total spend on low environmental impact materials on a project}}{\text{Total spend on materials on a project}}$$

Evidence for audit: Provide evidence of the benefits of the low environmental impact materials used e.g. changing from using X tonnes of volatile organic compounds and associated emissions to using water-based paint.

Provide details of the total spend on low environmental impact materials against the overall spend.

3.8.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of trials conducted of low impact materials per annum.

PI calculation: Number of trials conducted.

Evidence for audit: Demonstrate the number of low impact material trials that have been conducted, providing details of the project, benefits, risks, results and conclusions.

3.8 MANAGING THE MATERIALS LIFE CYCLE

GOOD PRACTICE

- Identify the major materials used by your operating business
- Identify which parts of the material life cycle have the greatest environmental impacts and where and how interventions can be focused to bring about the biggest environmental benefits. This will require an assessment of the principal environmental impacts of materials
- Use simplified life cycle assessment methodologies for major categories of materials. Do not undertake lengthy, detailed and costly life cycle assessment (LCA) on every single material
- Streamlined LCA approaches should examine impacts during raw material extraction, processing/manufacture, transportation, use and disposal/recovery at end of use. Environmental impacts that may be considered include: energy use and CO_2 emissions, water, waste, depletion of non-renewable resources, toxicity/hazardous materials content and other pollution impacts
- Collaborate within the business to develop a plan to reduce the major impacts identified, focusing on where we can make the most significant changes. This may include specifying more durable materials to reduce waste over an asset's design life or selecting materials with lower embodied energy or reduced hazardous substance content or higher recycled content
- Work with suppliers to research and trial new solutions that deliver environmental impact reductions

3. ENVIRONMENTAL LIMITS

MATERIALS

SOURCING RESPONSIBLY AND SELECTING MATERIALS FOR LOWER LIFE CYCLE IMPACTS

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.9 SOURCING RESPONSIBLY	Where Balfour Beatty controls the specification, 100% of timber/timber products (including paper and card) purchased directly and through our supply chain for use on our projects comes from recognised responsible sourcing schemes	Ensure that timber and timber products are procured from recognised responsible sourcing schemes. Influence the supply chain to ensure that the timber used for packaging around the goods supplied is from recognised responsible sourcing schemes	Percentage of volume of direct timber and timber product spend from recognised responsible sourcing schemes	100%	100%
			Percentage of volume of indirect timber and timber product (supply chain) spend from recognised responsible sourcing schemes	50% (but see User Guide)	100%
	Balfour Beatty procures all its materials from recognised or equivalent responsible sourcing schemes where it controls the specification	Implement Flexible Framework both within Balfour Beatty and its supply chain. Where no recognised responsible sourcing schemes exist for materials, we adopt or develop appropriate sustainable procurement criteria for responsible sourcing and encourage our supply chain to adopt the same practise	Percentage of value of major materials directly procured from recognised responsible sourcing or equivalent schemes	50%	60%
			Percentage of value of major materials procured from recognised responsible sourcing or equivalent schemes by supply chain on our behalf	25%	50%

3.9 SOURCING RESPONSIBLY

DEFINITIONS

'Timber and timber products' includes timber used in construction, for hoardings and formwork, furniture, fittings in our offices and packaging used for our goods at our manufacturing facilities. This covers products procured directly or indirectly by the supply chain on behalf of Balfour Beatty. It also covers paper products that we procure directly (but not the paper products that our suppliers procure).

For timber and timber products, Balfour Beatty recognises the following 'responsible timber sourcing schemes', where suppliers/subcontractors are able to provide evidence of both the forest management certification and chain of custody certificates:

- Forest Stewardship Council (FSC)
- Programme for the Endorsement of Forest Certification (PEFC)
- Canadian Standard's Association (CSA) National Standard for Sustainable Forest Management
- Sustainable Forestry Initiative (SFI®) operating in the USA and Canada
- Malaysian Timber Certification Council (MTCC)

Responsible sourcing schemes typically consider legal requirements, together with a range of employment, safety, child labour, community and environmental impacts. Although some countries have a number of well-recognised responsible sourcing schemes, others do not. Where no recognised responsible sourcing schemes exist for materials, Balfour Beatty will adopt or develop appropriate sustainable procurement criteria for responsible sourcing and encourage our supply chain to adopt the same practice. Depending on the operating business 'major materials' can also encompass other major spends such as vehicles, electronic components, equipment, labour and other goods and services it might procure.

BS 8903, formerly known as the "Flexible Framework", is a widely used self-assessment tool which allows organisations to measure and monitor their progress on sustainable procurement over time. The standard was designed so that it could be used by all organisations.

Verifying that the timber in a product is from a 'known licensed source' involves checking that the timber originated from a forest management unit in which the harvesting entity had a legal right to harvest. It requires the purchaser to (a) know the geographic source of the timber, and (b) confirm that the harvesting entity had a legal right to harvest.

3.9.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Volume of recognised responsibly sourced direct timber and timber products.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Volume of direct timber and timber product spend from recognised responsible sourcing schemes}}{\text{Total volume of direct timber and timber product spend}}$$

Evidence for audit: Keep Chain of Custody records for all directly sourced timber and timber products. Where we control the specification, produce a table/database illustrating all timber and timber products bought, the quantity in tonnes, and the responsible sourcing scheme.

3.9 SOURCING RESPONSIBLY

3.9.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Volume of recognised responsibly sourced indirect timber and timber products.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Volume of indirect timber and timber product spend from recognised responsible sourcing schemes}}{\text{Total volume of direct timber and timber product spend}}$$

Evidence for audit: For where we do not control the specification and for where timber is bought indirectly, produce a table/database illustrating all timber and timber products bought, the quantity in tonnes, the responsible sourcing scheme. Keep records of the information provided by the suppliers so that it can be traced back. Auditors may also challenge how the operating business knows that the information they have been provided with is reliable.

Where no responsible sourcing scheme has been used, provide evidence that the timber and timber products have been legally sourced by using WWF's known licensed source definition.

3.9.3 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Value of major materials directly procured from recognised responsible sources.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of major materials directly procured from recognised responsible sources}}{\text{Total value of major materials}}$$

Evidence for audit: Provide a breakdown of the value of materials directly procured from recognised responsible sourcing or equivalent schemes.

3.9.4 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Value of major materials directly procured from recognised responsible sources by our supply chain.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Value of major materials procured from recognised responsible sources by our supply chain}}{\text{Total value of major materials procured by our supply chain}}$$

Evidence for audit: Provide a breakdown of the value of materials procured from recognised responsible sourcing or equivalent schemes by our supply chain. This will need to include information on the relevant schemes and traceable evidence from our suppliers demonstrating that the materials meet the relevant responsible sourcing criteria.

3.9 SOURCING RESPONSIBLY

GOOD PRACTICE

- Monitor the quantity (in tonnes) of all timber/timber products on a quarterly basis
- Where we specify the timber, all timber and timber products must be sourced from FSC, PEFC, CSA, SFI and MTC certified schemes
- Work with suppliers to ensures that all packaging materials such as cabling drums are from FSC, PEFC, CSA, SFI and MTC certified schemes
- Where timber/timber products are purchased indirectly, at least 50% by value must be sourced from FSC, PEFC, CSA, SFI and MTC certified schemes
- Where we do not specify the timber, all timber and timber products must originate from legal forest management schemes
- In instances where we do not control the specification of such materials, we should use our influence to encourage the client to procure materials from such schemes
- Monitor monetary value of concrete (ready mixed and pre-cast), steel and aggregates plus other materials deemed significant by the operating business on a quarterly basis across all projects
- Monitor the value of materials directly procured from recognised responsible sourcing or equivalent schemes
- Monitor the value of recognised responsibly sourced materials or equivalent schemes procured through the operating business's supply chain.
- Implement BS 8903 within your operating business

Sources of further information:

World Wildlife Foundation:
http://wwf.panda.org/

Central Point of Expertise on Timber:
http://www.cpet.org.uk

3. ENVIRONMENTAL LIMITS

ECOLOGY

PROTECTING AND ENHANCING ECOLOGICAL RESOURCES

	2020 VISION	STRATEGIES	PIs	2015 MINIMUM EXPECTATIONS	2015 EXCELLENCE
3.10 RESPECT THE NATURAL ENVIRONMENT BY PROTECTING AND ENHANCING ECOLOGICAL RESOURCES	Balfour Beatty designs, constructs and maintains its projects and own estate to enhance the ecology of the local environment, delivering a net ecological gain	Assess the effectiveness of our ecological protection measures on project sites through post completion monitoring and lessons learnt reviews. Identify innovations and share knowledge within and outside the company Understand the ecological context of our projects to align our ecology enhancement measures with local and regional conservation objectives	Percentage of project sites with ecological enhancement delivered	10%	50%
		Where loss of ecology is unavoidable, deliver offsetting in collaboration with conservation partners	No. of ecology offsetting projects delivered as a proportion of projects where on-site ecology loss has been unavoidable	25%	50%

3.10 RESPECT THE NATURAL ENVIRONMENT BY PROTECTING AND ENHANCING ECOLOGICAL RESOURCES

DEFINITIONS

'Ecological enhancements' are defined as lasting improvements to flora and fauna that increase biodiversity and are often determined nationally. 'Lasting' in this context means that they are designed to survive for over 50 years.

Where possible ecological enhancements should be on the project site. However, where the enhancement might be compromised on-site, ecological offsetting can be used to either deliver an enhancement or achieve no net ecological loss (i.e. supporting or improving habitats off-site). For instance, on a road widening project, we may choose to support an existing nature reserve. These are only appropriate to projects where we are interacting with flora and fauna e.g. we would not expect an M&E contract to incorporate ecological offsetting features.

Balfour Beatty has established guiding principles on 'ecological offsetting' that are applied at project sites where on-site ecology loss is unavoidable and an offset approach would deliver greater conservation benefit. These principles are to ensure that our offset projects are appropriate, aligned with international standards and deliver long-term benefit for nature conservation. Our guiding principles on ecological offsetting are:

- Only when ecological resource loss is unavoidable
- On a like-for-like basis where possible and appropriate
- In order of priority, locate the offset within the locality of the project, at a regional level or a national level (additional compensation required for national sites)
- Balance the trade-off between a like-for-like offset and its proximity to the project according to the best outcome for nature conservation
- Where possible to go beyond no net loss and deliver enhancements
- Work with conservation partners
- Consider and where possible deliver benefits to society from the offset.

Ecology offsetting projects are only applicable where permanent ecology loss is unavoidable. Sites that are reinstated are not within scope.

Although there is no set de minimus rule for offsetting, as damage to a relatively small area could still result in the destruction of endangered species, risk assessments can be used to rule out sites where off-setting is not applicable.

3.10.1 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Project sites with ecological enhancement delivered.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of project sites with ecological enhancement delivered}}{\text{Total number of project sites}}$$

Evidence for audit: Provide a table with a list of all the projects the operating business has completed during the year and calculate the percentage of projects that have had ecological enhancements delivered.

3.10.2 CALCULATION METHODOLOGY AND EVIDENCE REQUIREMENTS

PI: Number of ecology offsetting projects delivered as a proportion of projects where on-site ecology loss has been unavoidable.

PI calculation:

$$\text{Percentage (\%)} = \frac{\text{Number of ecology offsetting projects delivered where on-site ecology loss has been unavoidable}}{\text{Total number of project sites where on-site ecology loss has been unavoidable}}$$

Evidence for audit: Provide a summary of projects and calculate the percentage of ecological offsetting projects, using Balfour Beatty's offsetting methodology, that have been delivered as a proportion of projects where on-site ecology loss has been unavoidable.

3.10 RESPECT THE NATURAL ENVIRONMENT BY PROTECTING AND ENHANCING ECOLOGICAL RESOURCES

GOOD PRACTICE

- Ensure ecological protection measures are in place on all projects and monitor their effectiveness and efficiency
- Establish the ecological features on-site that could be affected by the works before the start of the project (such as by using the cHECK tool)
- Where an operating business is not the principal contractor, ensure legal requirements are still being met and discuss with the principal contractor how enhancement activities could be undertaken
- Calculate the ecological/biodiversity units of a project site using a government-approved metric tool such as Defra's Guidance for Developers 2012 and identify ecological features on-site that could be affected by works. Establish the overall ecological value of the project site (for example see Ecological Value Criteria by Chris Britton)
- Analyse the effectiveness and efficiency of protection measures and collate Ecology Lessons-Learnt Reviews on a central portal as an evidence database that is easily accessible
- Review local conservation masterplans to identify how local ecology could be improved with stakeholders if appropriate
- Adhere to the ecological mitigation hierarchy by ensuring that all efforts to avoid and minimise impacts on ecological resources have been implemented before offsets are considered
- Ideally, these should contribute to local or regional conservation priorities that will be set by the government or local authorities
- Where loss of ecological resources is unavoidable, identify local conservation partners to support by undertaking ecological offset projects based on our guiding principles. Use a government-approved metric tool to measure ecology loss from the project, calculate the level of offsetting required and quantify ecological gains from the offset
- Demonstrate the balance between the project's impact and benefit achieved through the offset
- Confirm with client that funds are available to carry out offsetting projects

Balfour Beatty

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